

Ulster tension rises on eve of vital power sharing talks

The inter-party talks on the future of the Convention open at Stormont tomorrow in a menacing atmosphere of rising tension and fear from terrorist organizations of further violence. There seems little hope of reducing the ice between the Roman Catholic and Protestant parties on the two main points at power-sharing and the Irish dimension, Christopher Walker writes.

terrorists' warning of increased violence

There is little optimism in the North or the Irish Republic about the outcome of the talks, although government officials find some comfort in the very fact that they are taking place. Mr. Ross, Secretary of State for Northern Ireland, and his senior advisers have always maintained that the only hope for progress in the Convention would be if informal meetings were held in the atmosphere of the Republic's full sessions.

The prospects of success have been made more remote by the present atmosphere in republican and loyalist strongholds where the inter-sectarian tension is at its most dangerous level for many months. In an interview on the Irish Republic's radio service yesterday, Mr. Ernest Baird, the deputy leader of the Vanguard Party, said that the present situation provided what he described as the perfect recipe for civil war in Ulster. Militant loyalists were being provoked, he said, by human endurance by the IRA. Another threat of further violence came later in a statement issued by the Ulster Freedom Fighters, whose spokesman used a special code word to identify himself.

The organization is one of the most violent in Ulster and has claimed responsibility for the murder of many Catholics, including the brutal slaying of Senator Paddy Wilson. The statement said: "Following the recent attacks on loyalist areas and people, the UFF will within the next 48 hours consider their position regarding their ceasefire. While the UFF has always retained the right to retaliate, the growing feeling within the ranks is that it is now time for offensive action to be taken. For too long the Provisional IRA have been allowed to dictate events." That ultimatum came after last week's warning by the Ulster Volunteer Force, another hard-line Protestant paramilitary group. It said that it would consider waging all-out war on the IRA if Mr. Rees did not alter his present ceasefire policy within a week.

The threats can serve only to increase the prospects of further violence. During the past nine days 11 people have been killed and 150 injured. Yesterday the police gave details of the most savage of the latest spate of killings, the murder of Mr. William Meeklin, aged 25, a Protestant grocer, who was kidnapped near the border in south Armagh. A post-mortem examination revealed that he had been strangled for two days before his body was dumped by a lonely road with his hands tied together. During his imprisonment he was severely beaten by his captors who at length shot him 12 times with a machine gun.



Julian Hodgson, aged 12, of Hammersmith, London, on his way to victory over Helmut Cardon, aged 11, the Dutch and Belgian junior champion, at the London Chess Fortnight in Fulham. Report, page 2

British Leyland hopes to be taken off the Arab boycott list soon

By a Staff Reporter
British Leyland confirmed last night that the company had given evidence to the Arab Boycott of Israel office in Cairo, in an effort to get its name removed from the blacklist of firms barred from trading in Arab countries. "We have been trying to come off the blacklist for some time, particularly in connection with a proposed Land Rover plant in Egypt", an official said. "It was suggested that we could not proceed until we came off the list, and we are now hopeful that we will shortly be given the go-ahead."

TUC warns unions to observe pay limit

By Christopher Thomas
The TUC General Council today takes a firm stand today by warning union negotiators not to break the pay guidelines in the present round of negotiations. It says that if settlements are pitched at the level of some recent agreements the prospect of reducing inflation will be seriously threatened. There have been undesirable gaps in the observance of the guidelines in the past, the general council says in a report, *The Development of the Social Contract*, to be put to the TUC conference in Blackpool next month. It stresses the need for leadership given by many negotiators, even if they settled outside the guidelines because of pressures from members or in response to offers by employers.

The report says there might be isolated instances of negotiators finding it difficult to observe the pay limit. But that would not remove from them or their executives the responsibility of doing all they could to observe the limit. Unions and employers who agree that there is a joint difficulty should make a joint application to the TUC and the CBI, who would consider whether the issue should be put to the Advisory Conciliation and Arbitration Service. The report says the TUC should be more involved in running Britain's economy. The

Dr Kissinger to start new Middle East shuttle on Wednesday

Vail, Colorado, Aug. 17.—President Ford today authorized Dr. Henry Kissinger, the American Secretary of State, to fly to the Middle East on Wednesday to negotiate final details of an interim peace agreement between Egypt and Israel.

The President said in a statement he was hopeful that the new diplomatic mission would be crowned with success, and Dr. Kissinger himself said at a press conference: "We think there is a good chance of success or the President would not have authorized my return to the Middle East."

The Secretary of State said he would go first to Jerusalem for talks with the Israeli Government and then fly to Alexandria to meet President Sadat of Egypt.

He spoke in terms of a 10-day period of shuttle diplomacy, after which he planned to visit Syria, Jordan and Saudi Arabia. He hoped to complete the interim agreement before September 1 or 2, when he would have to be back in the United States to address the United Nations General Assembly.

The President's decision to send Dr. Kissinger back to the Middle East came after an agreement in principle worked out by United States and Israeli officials in Washington last week.

Dr. Kissinger said Egypt and Israel had agreed in principle on some issues involving the line to which Israeli troops would withdraw in the Sinai, but other questions still had to be resolved. These included the details of actual troop positions in the areas of the strategic Giddi and Mitla passes.

In a draft agreement completed last week, Israel undertook to withdraw east of the two passes and from the Abu Rudeis oil fields which it occupied during the 1967 Middle East war.

To return, according to officials, Egypt has agreed to relax economic and propaganda warfare against Israel and to pledge that it will not use force to settle its disputes with the region.

Dr. Kissinger said at today's press conference that the United States would supply a small number of civilians to man early-warning stations

Scientists to study 'mini ice age' theory

From Pearce Wright
Science Editor
Norwich

As the warm weather continues, experts from all over the world are meeting here this week to discuss the cooling of the northern hemisphere by 0.3°C.

The stage has been set for an important confrontation between eminent meteorologists and climatologists who differ about whether the world is entering a "mini ice age", and over the degree to which the discharge of aerosol particles into the atmosphere changes the weather.

The conference is the first of a "long-term" climatic fluctuation sponsored by the World Meteorological Organization and the International Association for Meteorology and Atmospheric Physics.

Professor Hubert Lamb, chairman of the organizing committee, says that suddenly scientists are being asked for forecasts, partly because we are in an age of long-term planning and partly because observations show beyond doubt that global shifts in the climate were going on unnoticed for the first half of this century.

Fluctuations in the past have been kept pace with the population explosion and trends in climate have made matters worse by turning formerly productive land into deserts.

Fluctuations in the past have caused historic disasters and climate had an immense impact on population and community developments, he said. The past 10 to 15 years had seen some disturbing trends. The temperature in the northern hemisphere has been falling, and is now on average 0.3°C lower, Professor Lamb says.

Though Britain's weather still hinges on anticyclones over the Atlantic and the Icelandic flow, there is a higher frequency of "weather blocking" of the west to easterly flow of air, as sluggish anticyclones become stuck. Since 1950, that has given rise to extremes, or long spells of the same type, or weather.

The recent heat wave was caused by such blocking. Professor Lamb describes it as a repetition of one three years ago.

Professor Lamb says that, from the classical linguist, who can tell us from tablets about conditions in Babylon three millennia ago, to the nuclear physicist today, everyone has something to contribute. It is no longer an esoteric academic subject, and scientists are being asked for practical guidance.

This emphasis on the practical indicates a change from the last, but more academic, meeting, 15 years ago, to consider the possibility that the world was entering a new ice age. Geologists and biologists had then suggested that the period between ice ages was about 10,000 years; we had just completed one of these interglacial phases. The question then asked was: when will the present interglacial phase end?

The regularity of other observations of climatic variation suggests that the most general part of the current interglacial is over. Not surprisingly, there is now a demand for a verdict on the substance of that claim.

advising on 0m telephone ers for Iran

By the Post Office's consultants could net British exporters north of orders for telephone and buildings. Cable & Wire-zing the advisers and potential involved in contracts for design revision of 560 telephone n Iran. Page 13

100 on short time

ber of workers in manufacturing on short-time is believed to have 250,000. This compares with a er average of 39,000 over the ears. Page 13

upsets India

ressed shock over the weekend coup in Bangladesh as Pres-ented ordered the border with e sealed. It was said officially "cannot remain unaffected by lical developments" Page 4

sters' crisis

lified barristers are looking for ent seat in chambers. According 's overruling body, the future is r those who will qualify by the year. Page 2

New theory challenges cigarette-cancer link

The belief that cigarette smoking is the main cause of lung cancer has been strongly challenged by Professor Philip Burch, who holds a personal chair in medical physics at Leeds University. He says the Royal College of Physicians' 1971 report ignored much evidence to the contrary, and argues that spontaneous genetic mutation is the cause. Page 2

Communists trapped

Anti-riot troops arrived three hours too late to prevent an attack by a mob on a weekend rally by the Portuguese Communist Party just outside Lisbon. Foreign journalists were among those injured in the siege which followed. Page 3

Football violence: Hooliganism, stabbings and 200 arrests marked the start of the season

Czechoslovakia: Trade union expels Mr Ducek because of letter published in the West criticizing party leaders. 4

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Business features: Victor Gore looks at the increasingly protectionist airline measures and calls for a policies review; David Young discusses the planning fears of cash and carry operators

Labour press ban deal denied

Mr David Chipp, editor-in-chief of the Press Association, has refused to cooperate with an attempt by the Labour Party to prevent party press releases from being distributed to The Birmingham Post and Evening Mail, which is in dispute with the National Union of Journalists.

At a meeting in London tomorrow Mr Chipp will tell Mr Percy Clark, director of information at Transport House, that it is not technically feasible to isolate the two newspapers from the PA wire service. "PA's main news channels go to all members and subscribers, and thus if we were to be denied the opportunity to send it to one, it would affect all", he said yesterday.

The party does not wish to provide information and press facilities for its annual conference next month to the Labour Party conference, presumably the next day, it is to insist that only journalists who are fully paid-up Labour Party members are acceptable.

Mr English said he did not believe it would come to that, but he would not be surprised when some of the less intelligent people in the party demanded a ban on all non-socialist journalists.

Mr Clark said yesterday that the party would cooperate to the full with the PA, but each of the handouts would be marked: "This is issued on condition it does not reach The Birmingham Post and Mail."

Universal News Services, the wire agency that issues all the party's press releases, would send them to all the usual recipients except the Birmingham newspapers.

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HOME NEWS

Amnesty for Birmingham bombers must be ruled out, conservative spokesman insists

Barry Symon
Conservative Staff

Airry Neave, the Conservative Party's principal spokesman on Northern Ireland, said today that it would be "absolutely outrageous" to consider an amnesty for the Birmingham bombers. He said the impression was being created that the Birmingham bombers might be the subject of an amnesty or some arrangement.

Neave has written to Mr. Neave, Home Secretary, and the Secretary of State for Northern Ireland, asking for assurances that will not be taken that the Birmingham bombers made no recommendation that a minimum sentence should be recommended.

Neave said he was worried that the bombers might be seen to serve their sentences later, or be given some form of political amnesty. He said that because of the vagueness surrounding the impression, the impression is that one or other of these possibilities might be taken.

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for clarification of what a life sentence would mean in these cases. I would ask for your clear assurance that these men will under no circumstances be transferred to prisons in Northern Ireland, where their escape or rescue could worsen an already violent situation.

Mr. Robin Corbett, Labour MP for Hemel Hempstead and secretary of the party's parliamentary civil liberties group, has demanded a public inquiry into the running of Winson Green prison, where the Birmingham bombers were allegedly beaten up by prison officers after their arrest.

Mr. Corbett said that the police inquiry into the allegations was now complete and the report was with the Director of Public Prosecutions. "I want the Home Secretary to publish this inquiry in full ahead of any decision on action upon it," he said.

"The unusual comments of the trial judge on the assault by prison officers makes it vital that there is an open, complete and impartial investigation. Unless that happens, many people will be left with no alternative but to believe that whether by design or accident some cover-up operation is being attempted."

Bombing sentences: The fact that Mr. Justice Bridge did not recommend a minimum term when he sentenced the six Birmingham bombers to life imprisonment is not likely to have any practical significance (our Legal Correspondent writes).

Since the abolition of the death penalty, judges have been empowered to make such a recommendation, but the discretion as to when a life prisoner can be released lies solely with the Home Secretary, who has to consult the Lord Chief Justice and, if available, the trial judge.

Mr. Jenkins and his predecessor have made clear that there is no fixed period of

imprisonment which entitles a life prisoner to be released. It has been emphasized that there is no reason why the perpetrators of particularly heinous crimes should not stay in prison for the rest of their lives.

The belief that criminals sentenced to life imprisonment get out "after a few years" is based on statistics which show that some are released after 10 years or less. But those are usually people who have committed murder in the heat of a domestic crisis.

The main immediate problem faced by the Home Secretary and the prison authorities is where to place the convicted men. It is likely that they will be sent to different prisons, especially as some of them made statements incriminating the others. They will also probably have to be segregated from other prisoners because of the danger of their being attacked.

Ordinary prisoners have not taken kindly to IRA bombings. John Chatter writes: "Fears of pressure to have the bombers moved to Northern Ireland are probably misplaced. Provisional IRA propaganda has made no mention of the bombings, or of the trial, in contrast to the previous efforts to make martyrs of the Price sisters and others accused of earlier incidents in England."

The faith of some of the bombers that they would be released or "looked after" by the IRA expressed in contested statements to the police, may well have been unfounded. It could well be that the killings in Birmingham infuriated the IRA high command in Dublin, particularly David O'Connell, who is believed by then to have taken over as chief of staff, because they occurred at a time when O'Connell was trying to prove to the outside world that the Provisionals were a serious political force, and when civilian casualties from bombings in Ulster had been minimized by tighter discipline and more effective warning systems.

It was sometimes difficult to find a parking place, for there were so many aircraft on the tarmac. The airport lounge is often packed with people, and there is great pressure on bookings, waiting lists for flights to the mainland. The Viscounts operating from the present runway are severely restricted by the wind and weather; the HS 748s are similarly handicapped and offer even fewer seats.

The islanders believe it is a curious policy that a smaller aircraft is being introduced when the demand for seats is rising rapidly and the airport's capacity is about to be greatly improved. "The planners", one British Airways official remarked, "move in a mysterious way."

The Viscount is highly esteemed by the company's cabin staff. It was a gracious aircraft, a stewardess said, with a touch of the old splendour of air travel about its large, oval windows and ample legroom. As for the high-deck jets, she sympathized with tall people who had to coil themselves into the seat rows and hoped that passengers sympathized with the cabin staff, who were expected to serve a three-course meal with coffee in the minutes it took to rocket from England to the Continent.

The Viscount was not like that. If the aircraft did not already exist, she declared, someone would have to invent it.

do its best on prices and jobs as part of the agreement with the unions to beat inflation. He said unions wanted the Manpower Services Commission to have the funds it needed to create job opportunities in areas where young people could not find work.

Mr. Murray, speaking to the TUC's south-west regional council at Bristol, described the £6 pay limit as a tough policy to deal with tough problems. It would mean for a time a reduction in living standards.

"But," he added, "those who challenge it at its base, as distinct from those who just do not like it—and I do not like it—have really got an obligation of putting forward an alternative."

The book offers the only full list of government appointments during three-quarters of a century, with lists of ministerial resignations, political party officers, election expenses, lost deposits, opinion poll findings, significant political place names, memorabilia of the period (from Campbell Bannerman to Mr. Jeremy Thorpe).

Where so many facts have been searched for and then conveniently organized, it would be surprising the roving eye did not pause upon a minor error (Miss Baker for Barker as Labour's former national agent, for example), but the standard of accuracy is remarkable. Perhaps the only serious fault is the scant section dealing with Britain and the EEC.

British Political Facts, 1900-1975, by David Butler and Anne Stimson (Macmillan); £15 hardback, £6.50 paperback.

WEST EUROPE

Mob violence cripples Communist Party activity in Portugal

From Michael Knipe
Lisbon, Aug. 17

Portugal's Communist Party is today facing the prospect of no longer being able to operate openly as a legitimate political force, in the face of mob violence and the failure of the military Government to impose elementary protective security.

This is the conclusion after the party's abortive attempt last night to re-establish its presence in Alcobaca, a small agricultural town eight miles north of Lisbon, where the disturbances began a month ago.

Once again violence reigned supreme as a mob of several hundred Communists attending a rally in the town's sports pavilion. Despite the fact that trouble had been widely predicted it was three hours before anti-riot troops arrived at the scene during which gunfire was exchanged and at least 20 people were wounded, four seriously.

This latest clash occurred as the pro-Communist Prime Minister, General Vasco Gonçalves, broadcast an appeal for national unity. He had promised that the military leaders would overcome the mob violence by increasing co-operation between the police and the armed forces.

In what could be a first move towards resignation he admitted that his Government was being prevented from solving Portugal's urgent problems by the split within the Armed Forces Movement.

The intrepid Communists who attended the Alcobaca meeting included many who were clearly visitors to the town and some older women and children. The pavilion was only a few minutes' walk from the town and the meeting began at 10.15 pm. From 11 o'clock there was background

noise of stones being thrown at the asbestos roof. To sustain their spirits the crowd shouted anti-fascist slogans.

Dr. Alvarez Cunhal, the white-haired 61-year-old Communist Party leader, looked deathly pale and was clearly under great strain. He was able to make only a brief speech. It was important, he said, to demonstrate the Communist presence as they were doing.

"Our revolution is going through a difficult crisis but we believe we can build a democratic regime and the road to socialism," he said. He asked the audience to form a solid block and march out together. Then, soon after retiring to a back room he was apparently taken ill. An appeal was made for "a comrade doctor to attend one of our comrades who is not feeling well."

Instead of departing as a group, the besieged Communists began breaking off flagpoles to use as spears and others brandished revolvers and shotguns. Bursting out of the building they attacked the mob, capturing four and dragging them back into the building.

One of the captured men was screaming with terror as he was being marched into the pavilion. One of those holding him told him he would not be hurt but would have to answer questions. Other voices said: "Why worry about hurting him. He's a wretched bastard."

Two others seized were farm labourers in their late fifties, one bleeding from the head and hands, the other lying collapsed on the floor where he was alternately given the kiss of life and interrogated quietly but more concerned and more hostile, but the younger men kept up their spirits by forming a



Communists wielding sticks and banners against anti-Communist demonstrators in Alcobaca.

should be taken to hospital one of his guards said: "Hospital? Why should we send him to hospital. They're wretches, they don't deserve anything." Outside, the pavilion was protected by a thick throng of Communist security men and the mob was gathered some 60 yards down the hill.

It was 1.30 am before a national republican guard Volkswagen containing three policemen drove up the hill to transport the injured to hospital. The police said they were calling for reinforcements.

Inside the hall the Communists armed with sticks, broken bottles and guns were growing more concerned and more hostile, but the younger men kept up their spirits by forming a

circle and singing Communist songs including the Spanish version of "A United People will Never be Vanquished."

One man who asked to leave because he was overcome by the heat was refused permission. "We all get out together or not at all," he was told.

The anti-Communists at the bottom of the hill shouted insults: "Death to Cunhal" and "Come down and fight!"

When two thunderclashes were fired at the pavilion the Communists retaliated with air-guns.

Among those slightly wounded by pellets were a BBC reporter, Mr. Larry Harris, who was hit in the face and chest; an American Associated Press reporter, Mr. John Wheeler, hit

in the face; and an ITN cameraman, Mr. William Green, who was hit in the chest and head.

Among the 14 people taken to hospital were two who had been shot in the back by bullets as opposed to pellets. The mob fell back as the communists moved down the hill.

It was nearly 3 am when two Army officers finally arrived. They were promptly christened Cop and Con by one observer, this being the acronym for the Portuguese security forces. They were followed by a platoon of troops in two lorries from towns no farther than 25 miles away. The troops fired into the air to disperse the mob as the communists made their getaway. Warning tremors, page 7

Third policeman shot dead in Madrid street

From Our Correspondent
Madrid, Aug. 17

Terrorism returned to Madrid yesterday when Lieutenant Antonio Pos Rodriguez, aged 49, a paramilitary Civil Guard, was shot dead outside his home.

He had just returned from work and parked his car near a pedestrian subway in the suburb of El Batán when a man, aged about 25, shot him in the chest with a sawn-off shotgun.

The attacker escaped down the subway leaving literature signed by the extreme left-wing Revolutionary Anti-Fascist Front (Frapp).

Lieutenant Rodriguez, who was married, is the third police-

man to be shot dead in Madrid in a month and all the deaths have been attributed to Frapp, which seems to be carrying out indiscriminate killings. Five alleged members of the organization face the death penalty at the moment.

Anti-terrorist measures will probably be discussed at this week's meeting of the Council of Ministers in La Coruña when Mr. Gonzalez, a member of the Government, is on holiday.

An anti-terrorist law could be ready for approval by the Cortes, the Spanish Parliament, in September or October, and the possibility of a decree before then is not ruled out.

Champion horse believed kidnapped

From Our Own Correspondent
Rome, Aug. 17

The theft of a champion trotting horse this weekend has brought speculation that the thriving business of kidnapping may have begun to include animals as victims.

The speculation came after news that the American-bred bay Wayne Eden had been snatched from its stall shortly after winning the City of Montecatini event in record time. The five-year-old is estimated to be worth up to 400m lire (£280,000).

The horse is owned by a Milan businessman and was brought to Europe last year. This is believed to be the first theft of a racehorse in Italy.

Three more men arrested in forest fire area

Lüneburg, Aug. 17.—Police yesterday detained three more suspected arsonists as investigations continued into forest and heath fires which killed 50 people and burnt about 50 square miles of north German woodland and heath.

A man aged 20 was held for questioning by police in Hannover on Friday. A Lower Saxony Land Government spokesman said there was evidence that at least 38 fires had been started deliberately.

Police combing woods near Gifhorn yesterday had discovered two men near a fire which had just started. They were believed to be patients of a mental hospital near by.—Reuter.

Search begins for Algerian official seized in France

From Richard Wigg
Paris, Aug. 17

An Algerian official was kidnapped in the south of France today by a group of Harkis, former Muslim troops who fought on the French side in the Algerian war and have French nationality.

The Harkis, and particularly their sons, have been in a disgruntled mood for weeks mounting kidnappings and reprisals in southern France where they live.

The French Government launched a search for the official, Mr. Djelloul Belsadel. The Algerian Embassy in Paris, expressing its "grave preoccupation over the mounting insecurity of Algerians in France," demanded the official's immediate release and the arrest of his kidnappers.

The Harkis are demanding as the price of his release immediate measures to improve their lot in France and to enable

them to visit their relations in Algeria without difficulty.

M. Podiatowski, the Minister of the Interior, has promised a programme of gradual integration within 18 months, including the closing of the camps where the Harkis and their families live.

There are some 220,000 Harkis including their families living in France. Mr. Belsadel is the representative of the Algerian Immigrant Workers' Friendly Association for the St. Etienne industrial region. The association is run by the Algerian Government to help its nationals. He was seized at his home during the night.

News of the kidnapping was first given today by Mohamed Laradji, president of the Confederation of Repatriated French Muslims (as the Harkis call themselves). He said that he was prepared to act as intermediary with the French Government.

Briton killed by avalanche on Norwegian peak

From Our Correspondent
Oslo, Aug. 17

A British mountaineer, aged 21, was killed yesterday while descending a peak in northern Norway.

Mr. Andrew Rodney Hall, from Bury, Lancashire, was with two other British climbers on the 4,800ft Trolltind, in the Lyngsalpene, when he was swept away by an avalanche.

Chamonix, France, Aug. 17.—Rescue organizations said yesterday that 38 mountain climbers have been killed in accidents in the Mont Blanc region since the start of the year. Another 73 injured climbers were rescued.—Reuter.

Spain will press U S for better deal over bases

From Our Correspondent
Madrid, Aug. 17

Talks to renew the agreement allowing the United States Navy and Air Force to use military bases in Spain begin today in Madrid, Spain having already expressed itself as dissatisfied.

In a recent speech, Señor Luis Guillermo de Perinat, director of North American and Asian affairs in the Foreign Ministry, said Spain was not for sale or rent.

No figure has been officially stated for the amount Spain is asking from the United States, but the *Frankfurter Allgemeine Zeitung* mentions the sum of \$1,500m (£715m).

Flight by sight in an old-fashioned style of travel to the Shetlands

British Airways pilots the old flew to Shetland is the few that can provide the old-fashioned flying. The old-fashioned flying is the few that can provide the old-fashioned flying. The old-fashioned flying is the few that can provide the old-fashioned flying.

landing is spectacular. wing slices the air only a few feet above the water. The old-fashioned flying is the few that can provide the old-fashioned flying. The old-fashioned flying is the few that can provide the old-fashioned flying.

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Regional report

Ronald Faux Lerwick

seen no more on the Shetland flight is wishful thinking, by distant airline economists. British Airways are expected to announce a £10m loss on last year's operations, including more than £1m on services within Scotland.

That loss, pressure from the Government to cut spending and the two-year wait for delivery of the new aircraft may all affect retirement plans for the Viscount. The airline admits that it is likely still to be in service on other routes in the 1980s.

Sumburgh is no longer a backwater where a few air-minded islanders wait patiently for flights to the mainland. The oil industry has altered all that. The main runway, stretching between the North Sea and the Atlantic, is being improved, and the airport is to receive the latest navigational aids to reduce the crippling effect of misty weather.

The cost of improving Sumburgh will be more than £7m, and already the number of flights at the airport, particularly by helicopters and charter aircraft, has grown sharply. A Loganair pilot complained that

nions rejecting pay plan ged to find better idea

Labour Staff
Len Murray, general secretary of the TUC, said today that any union which rejected the Government's anti-inflation policy would be a responsible union.

He said the Government was looking for a way to get from the union movement to the Government to do its best on prices and jobs as part of the agreement with the unions to beat inflation.

onomy schemes reduce hitehall spending

staff Reporter
Government departments saved several hundred million pounds in economies cut out in cooperation with management services division of the Civil Service Dept.

by the quarterly edition management Services in recent published details saved by cutting paper consumption. This month the report reported four other areas of financial cuts.

market, second-hand vehicles have been acquired from within the government service and brought up to standard by the Property Services Agency.

Commercial contractors used to handle the delivery of invalid carriages and spare parts, but that has now been taken over by the Property Services Agency, at a saving of about £150,000 over the first two years.

New edition of comprehensive political guide

By Our Political Staff

Mr. David Butler, the Dean of Nuffield College, Oxford, continues to set the pace for academic productivity. Apart from his studies of the two general elections of 1974 and of the EEC referendum held on June 5, he has found time and energy to bring up to date, in a fourth edition, his invaluable reference work, *British Political Facts, 1900-1975*, with Mrs. Anne Stimson on this occasion as his assistant.

They fairly claim that "virtually everything here would be accepted as non-controversial evidence in debates over the nature of twentieth-century British history".

The book offers the only full list of government appointments during three-quarters of a century, with lists of ministerial resignations, political party officers, election expenses, lost deposits, opinion poll findings, significant political place names, memorabilia of the period (from Campbell Bannerman to Mr. Jeremy Thorpe).

Where so many facts have been searched for and then conveniently organized, it would be surprising the roving eye did not pause upon a minor error (Miss Baker for Barker as Labour's former national agent, for example), but the standard of accuracy is remarkable. Perhaps the only serious fault is the scant section dealing with Britain and the EEC.

Spain will press U S for better deal over bases

From Our Correspondent
Madrid, Aug. 17

Talks to renew the agreement allowing the United States Navy and Air Force to use military bases in Spain begin today in Madrid, Spain having already expressed itself as dissatisfied.

In a recent speech, Señor Luis Guillermo de Perinat, director of North American and Asian affairs in the Foreign Ministry, said Spain was not for sale or rent.

No figure has been officially stated for the amount Spain is asking from the United States, but the *Frankfurter Allgemeine Zeitung* mentions the sum of \$1,500m (£715m).

MPLA talks of Angola secession

Luanda, Aug. 17.—A unilateral declaration of Angolan independence by the Popular Movement for the Liberation of Angola (MPLA), is still a possibility, a senior official of the movement said in Luanda today.

"It is still an acceptable hypothesis and one that could become reality at any moment," the official, a senior man in the Ministry of Information, told Agence France-Press.

He was commenting on the result of a rally called by the MPLA this morning at which it had been widely speculated that independence would be declared. The rally passed off, however, without any break-away move being made.

Observers believe the MPLA is still waiting for three conditions to be fulfilled before making its expected declaration: military conditions more in its favour; the promise by a sufficient number of African countries of recognition; and clarification by the Union for the Total Independence of Angola (Unita) of what its attitude would be over the MPLA's confrontation with the third group, the National Front for the Liberation of Angola.

So far, reports of the fighting in the south of the country, where Unita has its own sphere of influence, have indicated that it has thrown in its lot with the FNLA against the MPLA.

Militarily the MPLA, which seized the capital from the other two movements last month, has been unable to consolidate its hold over the south-western seaboard. Its troops are clinging desperately to the ports of the south of Luanda but only just.

Luanda, and its surrounding area is solidly MPLA as shown by today's rally which attracted thousands from the surrounding African suburbs.

As they massed in the central square, they sang popular songs of the revolution and revolutionary slogans. Most of the banners and posters called for "A People's Government".

Youngsters sported shirts in the yellow, black and red colours of the MPLA and marched happily through the streets shouting slogans against the National Front which they called "the murderers of the masses".

A statement by the Portuguese High Commission published in today's *Jornal de Angola* newspaper said the military situation remained serious throughout the country. Talks were taking place among the three rival liberation movements in Lobito, the main port, after fierce fighting in which heavy weapons were used.

At a press conference yesterday the MPLA said it was in control of Lobito, and also of the provinces of Luanda and Mexico in eastern Angola, Porto Amboim and Novo Redondo on the coast, the southern coffee-

growing centre of Gabela and the northern oil producing enclave of Cubinda.

Today's High Commission statement added that heavy fighting between the MPLA and the FNLA had been taking place in the north central towns of Luanda and Caxito. Agence France-Press and Reuter.

Our Lisbon Correspondent writes: Dr. Vasco Vieira de Almeida, Economics Minister in Angola's now defunct transitional government, has confirmed here that Portugal is planning to send more troops to Angola.

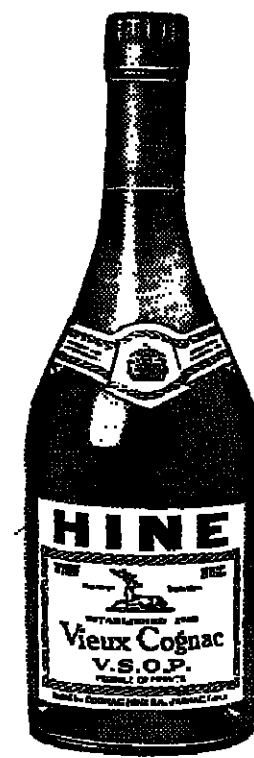
Asked if independence would take place in November as planned, he said: "We shall do everything to make it possible." But he did not believe that elections would take place in October as planned.

Portugal now had two priorities in Angola, he said. One was to ensure the country was decolonized in a correct and orderly fashion. The other was to ensure the safety of the 300,000 settlers due to be flown back to Portugal by November.

Stockholm, Aug. 17.—Senior Mateus Neto, a leading figure in the FNLA who was reported to have been kidnapped on Friday, is being held in the Luanda headquarters of the MPLA for questioning, his wife said here today. His mother had been assured that he had not been hurt. Senhora Neto said.—Reuter.

Leading article, page 11

Take one syllable, then double it.



HINE. The connoisseurs' cognac.

OVERSEAS

India shocked by Bangladesh coup and killing of its former friend Shaikh Mujib

By a Special Correspondent, on Indo-Bangladesh border on road to Jessore, Aug 17

As Bengali police sealed off all frontier posts between India and Bangladesh over the weekend, the Indian Government issued a guarded statement declaring that although India regards the coup as an internal matter for Bangladesh, "we cannot remain unaffected by these political developments in a neighbouring country."

At the same time Bangladesh Radio reported last night that the body of Shaikh Mujibur Rahman, the former President and founder leader of Bangladesh, who was assassinated during the coup early on Friday, was buried "with full honours" yesterday at his home town, Tangipara, 160 miles from Dacca.

The radio station, the only remaining link between Dacca and the outside world, did not mention the fate of members of Shaikh Mujib's family, including his wife, nephew and son, who were reported to have been shot during the takeover.

In the most significant political aspect of the surprising upheaval in Dacca, China welcomed the takeover within a few hours of the announcement of the new regime. At the same time India, a champion of Shaikh Mujib, made abundantly clear that Delhi has been unnerved by the quick changes in Dacca.

On All India Radio, an official spokesman said: "The

Government of India is carefully studying reports of recent events in Bangladesh and watching developments. We cannot remain unaffected by these political developments in a neighbouring country but they are the internal matters of Bangladesh."

"Reports of the killing of political leaders and their families have come as a great shock. We are deeply grieved by the tragic death of Shaikh Mujibur Rahman who led the national struggle for liberation with steadfastness and courage. We held him in high esteem in India as one of the outstanding political personalities of our time."

Apart from the assassination of one of Mrs Gandhi's protégés on the subcontinent, the Indian Government certainly does have cause for concern. It is well known that Mr Mujibur Rahman, the new President of Bangladesh, a devout Muslim and a supporter of the West feared as long ago as 1950, was a strong proponent of the struggle for Bangladesh's freedom, that this predominantly Muslim nation would end up as a client state of a Hindu India.

Significantly, one of the first acts of the new regime on Friday was to undo the former President's concept of a secular state and to rename the country the Islamic Republic of Bangladesh.

Outlining his future domestic and foreign policy yesterday Mr Ahmed assured Muslims, Hindus and Christians of equality and justice, but he

emphasized the Islamic structure of the state.

Hinting indirectly that Shaikh Mujib had refused to check some of the more questionable activities of his son and family, Mr Ahmed said his Government would not compromise on corruption, nepotism and favouritism.

Referring to the strained relations between Bangladesh and Pakistan and China, Mr Ahmed said: "We will endeavour to have friendly relations with those countries who have not been our friends. Our policy will be friendship with all and malice towards none."

"We achieved independence at the cost of many lives and the honour of our women. I regret that the hopes and aspirations of the people for a happy, prosperous and healthy Bangladesh have been belied by unscrupulous and corrupt policies pursued by the past administration."

"There was rampant favouritism and corruption which resulted in the accumulation of wealth in the hands of a few while the masses suffered."

According to reports from Dacca there have been no serious attempts to resist the coup. A dusk to dawn curfew has been imposed in Dacca, Chittagong, Khulna, Jessore and other large towns. Bangladesh radio reported today that the situation was quiet and internal flights had been resumed.

However, all communications with the outside world were cut today for the third consecutive day. Dacca airport remained closed.



Proud parents with their quintuplets, four girls and a boy, who were born a month ago. The parents are Mr Jerry Davis and his wife Debbie, of Lewisville, Texas.

Mr Smith urged to disclose facts

From Our Correspondent Salisbury, Aug 17

The three main white opposition political parties in Rhodesia have called on Mr Ian Smith to publish the precise terms of the agreement signed by himself, Mr Vorster, the South African Prime Minister, and a Zambian official in Pretoria recently which has paved the way for the constitutional conference at the Victoria Falls next weekend.

Mr Timothy Gibbs, president of the Rhodesia Party, said Rhodesians of all races had a right to know what was telling the truth over the details of the terms Mr Smith or Bishop Abel Muzorewa, leader of the African National Council.

The bishop said in Lusaka on Friday that the whole conference should be held on Victoria Falls bridge. Mr Smith has said there will be only a brief opening ceremony on the bridge and then committees will meet inside Rhodesian territory.

There is also uncertainty about the status of such persons as the Rev Ndabani Sijole and Mr James Chikere, who are almost sure to be included in the ANC talks but are liable to detention if they step on to Rhodesian soil. The ANC stresses that it wants a guarantee of immunity for them if their duties as constitutional committee members necessitate their moving into Rhodesia.

The Rhodesian Government's attitude is unclear as Mr Smith has said he has no intention of granting such persons an amnesty.

Relations between the Government and the ANC seemed to be so strained on Friday night that Mr Edward Sutton Bryce, deputy minister in the Prime Minister's office, issued a statement saying that if the ANC reneged on the agreement it would be responsible for destroying the possibility of a settlement.

Subsequently, Bishop Muzorewa said there had been a misunderstanding and he hoped matters would be ironed out on the bridge.

Mr William Harper, a former Cabinet minister who is now leader of the United Conservative Party, said it was child-like to keep the terms of the agreement from the public and Mr Smith was being mischievous.

He added: "The sooner we get a change of leadership in this country, the sooner we will have a real opportunity to set matters right."

Mr Patrick Bashford, the leader of the liberal Centre Party, said it was in the interests of all races to have the Pretoria terms published so that people could judge for themselves. The public had to face up to the near certainty that the ruling Rhodesian Front and the ANC, as the two groups

were now constituted, might never reach agreement.

Meanwhile the border war has gone on. At the weekend the security forces announced that three more black civilians had been murdered since the last official communiqué on August 8 and seven guerrillas had been killed. Two curfew breakers had also been shot by security forces.

Lusaka, Aug 17.—Delegates of the African National Council will travel to Livingstone next Sunday for the Victoria Falls conference with Mr Smith, the Sunday Times of Zambia reported today. It quoted Bishop Muzorewa as saying that his delegation would attend the talks despite "provocative" utterances by rebel Ian Smith.

ANC sources today emphasized that the nationalists would not be prepared to attend committee meetings on substantive issues inside Rhodesia after the Victoria Falls conference. They said the security of ANC leaders inside Rhodesia could not be guaranteed.

Thirteen ANC officials arrived in Lusaka yesterday from Salisbury to hold preliminary consultations with colleagues based outside Rhodesia. About 30 ANC leaders were meeting today in a building belonging to the United National Independence Party, Zambia's only party.—Reuter.

Israel fear of blame Dr Kissinger fails

From Moshe Brilliant Tel Aviv, Aug 17

Israel prepared for Dr Kissinger's next Middle East shuttle with thinly disguised misgivings. A statement issued after the weekly Cabinet meeting in Jerusalem emphasized that no agreement had been reached "on issues of importance" in contrast with the United States concerning an interim agreement with Egypt. Dr Kissinger had previously made a resumption of his Middle East shuttle conditional on 90 per cent agreement in advance. Today's Cabinet statement appeared to be telling him he did not have the required odds.

Opposition members of Parliament and media commentators said more bluntly that the Rabin Government was not ready for the Secretary of State, but his decision to come to the region was an offer they could not refuse. Since Egypt had already welcomed the mission, Israel would be blamed for torpedoing the interim settlement if it objected.

The Israeli hesitancy was expressed in a leading article in Ma'ariv: "Past experience has taught us that Dr Kissinger has come to see our very agreement to his coming to the region as an indication of readiness to make far-reaching concessions."

The paper recalled that after the breakdown of his mediation in March he complained at being misled by Israel and said he had been invited to the region under false pretences. Other commentators said the Egyptians wanted Dr Kissinger to come because they believed the Israelis would not let him fail again and would accordingly accept Egypt's terms.

The elements at which agreement between Cairo and Jerusalem are still lacking include Egypt's demand to take over some of the territory to be evacuated by Israel.

Our Jerusalem Correspondent writes: "If Dr Kissinger's visit fails once more, the world is again likely to lay the main blame on Israel, a prospect disturbing Mr Rabin and his Cabinet."

After seemingly endless rounds of "clarifications" Israel and Egypt are still wrangling over two specific issues said to be holding up a further interim agreement on Sinai—the extent to which the Egyptian Army will advance and the terms under which American civilians will man the early warning systems in the Sinai passes.

It is suspected in Jerusalem that there are by no means the only causes of disagreement, but there is a sad irony over the way attention has been focused on territorial issues. This was not the way things

were intended to turn Israel agreed to a peace initiative early before Dr Kissinger's travels between Israel and Egypt. Israel publicly accepted a demand for Israel's withdrawal from the Sinai passes, on that Egypt agreed to a period of non-belligerence.

This unconventional move was strongly criticized, but the Prime Minister explained that his intention was to shift the emphasis from peace to security. Egypt what it asked for, the negotiators concentrated on a pledge of non-belligerence, accompanied by such as reduction of boycott and of hostilities against Israel.

It was a naive hope that the Egyptian demands and these have in the forefront of the negotiations while Israel's for "restores toward have been treated as issues."

Mr Rabin's Government having difficulty in charges that it has on the stand it took in is endangering the security by yielding State pressure.

The paper's retractions in strident Rabin and senior February the Prime said that if Egypt a meaningful advance peace, Israel would for "limited territorial concessions, and I emphasize. This was the security options offered by others were the ret passes and the offer change for a long time of non-belligerence, a pullback, she passes if Egypt refrains belligerence terms."

During the March Kissinger persuaded leaders that the most exact from Cairo was of non-recognition of Israel modified option, offering to offshoots and pull way through the change for a "no future lasting three, so, when the negotia down. President P Israel and announcement of American p is still officially American military aid to Israel has up.

Mr Rabin and Mr Defence Minister, have been repeating the words of Golda Meir by repeating that no Israel settlement handed if there are with Syria later.

Czechoslovak trade union expels Mr Dubcek

Prague, Aug 17.—Mr Alexander Dubcek, the former Czechoslovak party leader, is reported to have been expelled from his trade union as a result of a letter written by him and published earlier this year in Western newspapers.

The letter, in which Mr Dubcek complained of police harassment and defended the 1968 attempt at reforms, was bitterly criticized by the country's present leaders, including Mr Husak, the present party chief.

Well informed sources said the trade union branch, a department of the Slovak Ministry of Forestry, where Mr Dubcek is now employed, held a special meeting to discuss the issue. Mr Dubcek attended the meeting and offered to read the letter—which has never been

published in Czechoslovakia, but his offer was immediately rejected.

Almost every worker in Czechoslovakia is a member of a trade union and most people expelled from the Communist Party after 1968 retained some form of union membership.

Strictly speaking, this development could affect Mr Dubcek's ability to find future employment. But considering his special position as former party leader, he cannot be regarded as an ordinary worker.

The sources also confirmed that Mr Dubcek was moved from one ministry department to another, but they dismissed rumours that the former party chief was now planting trees in the forests or working as a car park attendant.—Reuter.

Mr Vorster in Uruguay to meet leaders

Montevideo, Aug 17.—Mr Vorster, the South African Prime Minister, arrived in Montevideo today after a visit to Paraguay. Uruguayan government sources said the visit would strengthen ties already established between the two countries by important trade agreements.

Mr Vorster lunched in the South African Embassy and prepared for a visit to the seaside resort of Punta del Este. He will meet President Bordaberry of Uruguay and Dr Blanco, the Foreign Minister, before returning to South Africa tomorrow.

In Asunción, President Stroessner of Paraguay, accompanied by his full Cabinet and his daughter Graciela, bade farewell to Mr Vorster. —UPI and AP.

Indonesia's Independence Day—August 17, 1975



RELEASE INDONESIA'S POLITICAL PRISONERS

We are gravely concerned that the Indonesian Government holds many tens of thousands of political prisoners, most of them untried and many of whom have been held for nearly ten years. At this time, the thirtieth anniversary of Indonesia's independence, we earnestly appeal to the Indonesian Government to release these prisoners immediately, before October this year, which marks the tenth anniversary of the first mass arrests.

Members of Parliament

Alan J. Beith
Andrew F. Bennett
Dennis Canavan
Maureen Colquhoun
Robin Corbett
Gwyneth Dunwoody
Gwynor Evans
Martin Flannery
Ted Fletcher
Bryan Gould
Bruce Grocott
Rt. Hon. Judith Hart
Douglas Hoyle
Margaret M. Jackson
Russell Johnston
Tom Litterick
Evan Luard
Joan Maynard
Ian Mikardo
Stan Newens
Laurie Pavitt
Paul B. Rose
John Ryman
A. W. Stallard
Michael Ward
David Wellman, O.C.
Philip Whitehead

Bishop Victor Guazzelli

Monsignor Brian Kent
Bishop G. Mahony
Father Patrick O'Mahony
Martin Niemoller (Germany)
Edward F. Snyder (USA)
The Rev. The Lord Soper
The Arts
Lindsay Anderson
Ben Ains
John Burt Foster
Miriam Brickman
Kate Campbell
Mike Dean
Julie Christie
Eleanor Fagan
Joeyen Herbert
Martin Lawrence
Sir Bernard Miles
Spike Milligan
Fatsy Plock
Louis Purcell
Robert Rietty
Andrew Robertson
Norma Shebbeare
Peter K. Smith
Betty Turner
Patricia Whitelaw

Academics and Writers

Tom Baistow
Carlton Beals (USA)
Edward Bond
Claude Bourdet
Malcolm Caldwell

Professor Noam Chomsky

Arthur Clegg
Ken Coates
Basel Davidson
John Gittings
Felix Greene
Keith B. Griffin
David Griffiths
Professor Dr. J. H. de Haas (Netherlands)
Stuart Hampshire
Christopher Hill
Professor V. G. Klerman
Leszek Kolakowski (USA)
Dr. H. Merskey
Dr. Henry Miller
Robert Moore
Robert Muller
Dorothy M. Needham
William L. Oltmans (Netherlands)
Ingrid Palmer
Cheryl Payer (USA)
Alan Plater
Dr. Jan Pluvier (Netherlands)
Dr. Jerome R. Ravetz
Dr. Chandra H. Sharma
Tom Stoppard
Professor Dr. W. F. Wertheim (Netherlands)
Arnold Wesker
Professor Bernard Williams

Trade Unionists

Lawrence Daly
Len Formby (AUEW-TASS)
Ken Gill (AUEW-TASS)

Jack Jones (TGWU)

Alan Sapper
Fred Silberman
Russell Tuck

Lawyers

Geoffrey Bindman
William J. Butler (USA)
Lord Gifford
Lord Gardiner
Malcolm Hurwitz
Otto Kahn-Freund
John Platts-Mills, Q.C.
Albie Sachs
Stephen Sedley
M. R. Turner
D. J. Turner-Samuels, Q.C.
Christopher David Vowles
Ronald Waterhouse, Q.C.

Other Signatories

Lord Avebury
Roland Berger
C. Brantingham
Lord Fennell Brockway
Carmen Calli
Maureen B. Copus, O.B.E.
Martin Ennals
Chris Farley
Sybil Morrison
Ruth Osborn
Charles de Peyer
Stephanie Sachs
David Simpson
Agnes Z. Stapledon
Ralph Stephens (Botswana)
Audrey Stevens
Jack Woods

Leader of Ovambos is shot dead

From Nicholas Ashford Johannesburg, Aug 7

Chief Filemon Elifas, the Chief Minister of Ovamboland, in Namibia (South-West Africa), was shot and killed on Saturday night, it was announced in Windhoek today.

Chief Elifas, who was 43, was wounded while visiting the house of a friend near Ondangua, the Ovambo capital. He died later in hospital.

Police investigations have been launched into the killing, which took place only two weeks before Chief Elifas was due to lead an Ovambo delegation to the constitutional conference on the future of Namibia. So far, the police have been unable to say whether Chief Elifas was assassinated or was the victim of a shooting. However, it is widely assumed that his killing had a political motive.

Chief Elifas worked closely with the South African authorities and was vigorously opposed by the black nationalists in the territory, particularly the South-West African People's Organisation (SWAPO). SWAPO, whose aim for a unitary, independent state of Namibia is supported both by the Organisation of African Unity and by the United Nations, draws its strength largely from the Ovambos.

Mr J. de Wet, Commissioner General for the Indigenous People of South-West Africa, said tonight that Chief Elifas's death was a political assassination or not.

Obituary, page 12

Jail reform on Miss Little's list of speeches

From Our Correspondent New York, Aug 17

Miss Joan Little, the black woman acquitted two days ago on charges of murdering a white prison guard with an ice-pick, is shortly to make a speaking tour. Her chosen subjects, inevitably, are prison reform and the problems of minorities in the American courts.

She had never been politically active before, she said, but she now wished to participate in the civil rights and feminist movements. "I feel I have an obligation to people who may be going through the same thing as I did."

Miss Little still faces the prospect of a seven-year jail sentence for breaking and entering, of which she was found guilty last year. Her appeal against the sentence is due to be heard next month and her lawyers have indicated that they will seek a new trial on the ground that she was inadequately represented in the last one.

Report of coup attempt against Colonel Gaddafi

From Paul Martin Cairo, Aug 17

Egyptian state guided newspapers today claimed that Major Bashir Hawadi, a member of the Libyan ruling Revolution Command Council, and 30 other officers had been arrested after a coup attempt against Colonel Gaddafi, the Libyan leader.

The newspapers said that Captain Omar Meheishi, another member of the 11-man ruling council, who was also involved in the unsuccessful attempt, had fled to Tunisia.

Ever since they began their propaganda war, both Egypt and Libya have several times alleged coup attempts against the other which have later proved to be false.

So far there has been no word from Libya and there have been no outward indications recently of internal strife. However, the reports have been given credence in Egypt.

According to them, the coup attempt was staged "several

days" ago by Major Hawadi and Captain Meheishi, two of the original group of officers who had brought Colonel Gaddafi to power. The commanders of the presidential guard in both Tripoli and Benghazi were said to have played a prominent role in the alleged attempt.

Major Hawadi has been secretary-general of the Libyan Socialist Union, the country's one-party system, as well as a member of the ruling junta. According to the Egyptian reports, he was injured after the coup attempt failed and loyalist troops went to arrest him.

The reports claimed that all Libyans had been banned from leaving the country since Wednesday because security forces were still trying to round up conspirators who had escaped after the attempt failed.

Whether the latest Egyptian claims turn out to be wishful thinking or not, they reveal just how far relations between the two erstwhile allies have deteriorated.

Restaurateur's balloon trip

Sydney, Aug 17.—Police in cars, boats and a helicopter chased a runaway hot-air balloon for about 30 miles across Sydney today before it dumped its occupant, Mr Roger Meadmore, in the Hawkesbury river. Mr Meadmore, a restaurateur, was using the balloon to publicize his establishment when the anchor rope snapped.

Russian fishing boat seized

New York, Aug 17.—The United States Coastguard today seized a Soviet fishing vessel 80 miles off New Jersey for catching lobster and crab from the continental shelf. American law allows fishing on the continental shelf but protects certain species. Five other foreign vessels have been seized this year.

In brief US ambass dismissed

Vail, Colorado, A Beverly Carter has been dismissed as United States ambassador to the country. She worked with guerrillas for four students—titan and one Dutch—by Zaire rebels and later released after \$200,000 ransom.

Dr Kissinger, the State, said here today was American policy negotiator for the first time so that guerrillas were not encouraged others.

Lagos diversion

Lagos, Aug 17.—I here named after Gowon, the deposer head of state, and Major Johnson, military State, have been c Broad Street and Road respectively.

Typhoon kills 19

Tokyo, Aug 17.—Nine people were missing and 3 injured when a typhoon hit Japan. More than 1,250 hectares were destroyed.

Mexican visitor

Havana, Aug 17.—Echeverria of Mexico here today to pay a visit, the first ever to a Mexican head of state.

MPs rally to defend Falklands

By Our Political Editor

Rather fewer than two thousand men and women of British stock living 7,000 miles away from Yorkshire in Islands with a land area the size of Yorkshire are beginning to find friends among an increasing number of politicians at Westminster.

Since Mr Michael Stewart became Labour's Foreign Secretary in 1968 doubts about the Government's readiness to consider the cession of the Falkland Islands to Argentina have lessened, but the Islanders and their political champions in London continue to be deeply worried by Argentina's growing dominance over the islands' economy.

Ten MPs drawn from three parties in the Commons have joined the Falkland Islands committee, which is administered from the London Wool Exchange, and in the autumn they will lead a political campaign to challenge the Foreign and Commonwealth Office's view of the immediate and future needs of the Falkland Islands as a colony.

The committee, like the Islanders themselves, is undoubtedly troubled by the slipping of the Falklands into the position of an Argentine dependency. United Kingdom businessmen can enter the Islands by air only through Argentina, simply because Buenos Aires insists on a permit before flights may be made with the Argentine Air Force passenger transport line.

Forty years ago companies, including BP and Barmah, have been pressing for years to prospect for offshore oil in what some experts believe to be the "thick" end of the Chilean gas field. Oil development, except to the south of the Falkland Islands, might involve Argentina, but it is considered to be no advantage to the Islanders' economic prospects that their affairs are diplomatically handled from the Buenos Aires Embassy, where relations between Britain and the Argentine Government are likely to be a paramount consideration.

Mr R. W. Hunter Christie, now a barrister but formerly a diplomat at the embassy, has visited the Islands and reported to the committee that the people strongly desire to remain British. He shares the Islanders' view that the Islands are a colony.

The report is expected to be used as a reference when the Commons MPs, Sir John Gifford and Colin Phillips, to the November for a tour of the Islands.

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TAPOL British Campaign for the Release of Indonesian Political Prisoners, 103 Titchhurst Road, London, S.W.18

A high-contrast, black and white photograph of a smiling man in a suit, holding a sign that reads "VISOR". The image is grainy and has a high-contrast, almost stencil-like quality. The man is looking towards the camera and smiling. He is wearing a dark suit jacket over a light-colored shirt and a dark tie. He is holding a rectangular sign in front of him with both hands. The sign has the word "VISOR" written on it in a bold, sans-serif font. The background is dark and indistinct.

In the event Admiral Tomás received 77 per cent of the votes cast and General Delgado 23 per cent. The Communists and others wanted the candidate to attempt a military coup. He tried to turn some officers against the regime, but was cashiered, avoiding arrest by seeking refuge in the Brazilian Embassy.

As a result, the rules were changed. Future presidents were to be elected by the Constituent Assembly in 1976. This meant that the opposition would in future focus its attempts on the elections for the Assembly, and not on the Septennial Presidential elections. The Assembly was elected by universal suffrage, but a provision block had been actually presented. Dr Caetano had permitted the opposition to hold congresses, and much turned on the opposition's third congress in the Azores. At the presidential elections for the new Assembly in October, the speakers at the congress addressed "theses" which showed that, as usual, they would be satisfied with nothing less than a complete revolution, and this as an end to the military defence of Portuguese Africa. But in the elections, Dr Caetano was gratified to see his candidates come home. They dominated the National Assembly, two thirds of whose members were new to parliamentary work.

The opposition had failed to make inroads by electoral means, and, as in the past, some of its leaders decided to use the relaxation of control and the momentum gained by the election campaign to mount a revolution. The Communists were chief among these, and many aspiring politicians with the same ambitions. The new State had once been made up of members or fellow-travellers. They realized that it was necessary

to have military support, and Delgado's experience showed that the campaign with generals was not enough.

The fomentation of dissatisfaction in the army had been begun by taking a professional grievance from a purely political issue. The old Army School, renamed the Military Academy in 1959, provided courses by which young officers qualified for promotion. These were increasingly being discontinued, on the basis of service in Africa. Dr Caetano had appreciated that if the army was to undertake the role of educating the African population—and this was already being talked of—emphasis must be laid on general, as well as on military education. In 1973 the Army Minister put forward a plan whereby army officers with higher education could pass through the Military Academy intensive course. Junior officers at once pointed out that after long service they would be overtaken by recent graduates. In June, 1973, they wished to present grievances to the President in Lisbon, but Oporto, but were told that they could not appear. They formulated their grievances in a telegram signed by two men with records of gallantry in the field who were said to represent the rank and file. The Army Minister made some concessions to meet the original complaints, but the organization of young officers insisted on the withdrawal of the new regulations. Ex-graduates of the academy pointed out that half of words: they included 51 officers serving in Guinea with General Spínola, who returned to Portugal in August of that year.

Brig Spínola had been appointed to Guinea in 1968 under Dr Salazar and had been renewed by Dr Caetano. He had

won reputation as an effective government who knew how to conciliate and attract the indigenous population. The Guinean PAIGC was set up by coloured Cape Verdeans, who regarded themselves as Portuguese and had no other language but Portuguese, unlike the indigenous peoples of Guinea. Spínola had bid for indigenous support by offering education, representation and protection, and had reached a point at which negotiations with the PAIGC leader, Amílcar Cabral, could be opened. Contact was made with Senegal, where Léopold Senghor was elected to overthrow the Marxist regime of Sékou Touré in Guinea-Conakry. A Portuguese emissary went to Portuguese Guinea. Cabral extended to Portuguese Guinea. A Portuguese emissary visited Dakar for discussions, but his visit was never returned in a friendly manner. Cabral died in a mysterious accident. The Russians had promised the PAIGC to provide planes, but the training of indigenous airmen proved a difficult task. Cabral did not participate. Unable to create a Guinean air-force, they sent SAM missiles, which threatened Portuguese air-communications.

Spínola, like Dr Caetano, believed in future integration of Portuguese Africa. In 1972 he was able to boast that no African leaders had done as much for his people as he had done. He said that the plebeians were held he would certainly win. His prestige in Guinea was translated into popularity in Portugal itself. When he saw Dr Caetano, he was reluctant to embark on immediate negotiations because they would give rise to immediate demands for similar negotiations elsewhere. He advised the authorities to go to Angola and Mozambique and finally told him that it might even be preferable to face defeat in Guinea rather than see an undesirable precedent set by the disavowed Dr Caetano. Spínola dismissed Dr Caetano's preference for defeat in Guinea? Dr Caetano replied that armies must fight, and fight to win, but they did not always achieve victory. If the army in Guinea would lose, the country would have done their best, but the duty of the government was to defend the whole of the overseas territories.

It was this bucket of cold water that led to discouragement in the Government of Portugal to the rift between the government and Spínola expressed in this book. He returned to Portugal in August, 1973. He was offered a seat in the National Assembly to be elected in October, but refused. He wanted to make himself inspector of the army, but this gave rise to problems of rank. It was only in January, 1974, that a place was found for him as deputy chief-of-staff under Gen Costa Gomes. A Spínola commission had by this time completed his book, but had not submitted it to higher authority. Dr Caetano had raised this with him, and offered to read it himself, but superior authority prevented him from doing so. He spent four weeks about Oporto for Mozambique, and took it with him to read.

Prof H. V. Livermore
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father, Reginald Berkeley, would be today. He died prematurely of pneumonia exactly 40 years ago. He owed a fame that was more than merited, even if it was not lasting. He was the author of several well-known plays, the most successful of which was *My Course*. This play was so successful that he was thought to have greater artistic merit. He was awarded the Victoria Cross for gallantry during the World War. He was a Liberal Member of Parliament but, although he won several elections, he had the unfortunate misfortune to lose the House of Commons for a mere two years. He was possible for one of the first major sound films, produced with a special grandeur which is now extinct, riding in 1934, the screenplay of Noël Coward's *Cavalry*.

He has achieved these feats, if they be so described, at the age of 45, at a versatility which cannot be denied. Any interest he may have possessed, however, was not due to what it did, which can be established through the records of *Who was Who* 1929-1930, 1931-1932, 1933-1934, 1935-1936, 1937-1938, 1939-1940. If I had to describe him in one word, I would have called him extravagant. Everything about him was a little more than life. He was sometimes more serious, sometimes more ridiculous, sometimes more impetuous, sometimes more sterner, and sometimes more serious than the normal person.

He was married twice, fathering from two unions five children. He was a politician, but by eloping with my mother, who was already married to somebody else, in 1924 when he was 34. This was at a time when divorce was not a thing of Members of Parliament was unkind and, therefore, not tolerated. It was not untypical of his character to return to Central Nottingham, where which he had represented in Parliament, to contest a subsequent by-election, to complete his marriage with my mother, his second wife. He was newly astonished that his second marriage was not accepted by the State, which in 1930 still did not give divorce, and that he came bottom in the poll. Women played a large role in his life, though this was not primarily for sentimentalistic motives. He preferred the company of men.

He came from what genealogists would call the cadet branch of an ancient

family. The Berkeley family is one of three which can trace its ancestry back to well before the Norman conquest. My father did not inherit money but he was not acquisitive. At times he earned a great deal, at others he was pennurious to the point of insolvency. He dealt with the public money of the country. He was very hardily and honest, although his financial state underwent violent fluctuations. He lived, when necessary, on credit, frequently owing large sums of money to local tradesmen. This made a walk down Marlborough High Street, where we used to go to school, very uncomfortable. In the last resort our Nanny was the family banker. With due solemnity she would receive her wages each Friday. The first inroad into this sum was, as often as not, a loan to my father to pay for his train fare to London. We never had a penny about the house. Domestic servants and a gardener—the sole connection to economy being that Nanny would also during a financial crisis, do the cooking at which she was more adept than any substantive cook. The bailiff was a familiar figure, who was more than once mistaken by one of us for a man for my godfather. One of my earliest recollections is of my father, aged a cook being removed while my father, purple with rage on the lawn was threatening to send a telegram to the Lord Chancellor.

My father's sole connection to the huge salary which he earned in Hollywood during the last two years of his life was to make a series of annual allowances to the equally impoverished literary friends of my mother. This was a source of no detriment to my mother, who was shortly to become a widow, and his children.

My father was a Liberal because he hated the Tory Party which he regarded as an institution of privilege. Despite this fact most of his political friends were Conservatives. He was intensely personally loyal and was so to the end of his life, to Lloyd George to whom he had once acted as an unofficial secretary and against whom he would never hear a word of criticism. My father, though not without fear, was a brave man as his Military Cross indicated. He hated war but loved the comradeship of the trenches. He never had any feeling of class superiority or inferiority but was always impatient with social pretensions. He was a founder member of the League of Nations in Geneva and formed a life-long friendship with Lord Cecil of Chelwood. He resigned from the secret

rival of the league when he became a
 Liberal parliamentary candidate. He was
 briefly on the staff of the League of
 Nations Union as Head of Information
 Services before he entered Parliament in
 1922, and was for several years subse-
 quently on its executive committee.
 He never was inclined to quarrel but
 he never bore malice or nurtured a
 grievance, and was genuinely surprised
 when others did. Perhaps he paid too
 little attention to the need for aftercare
 treatment after scoring a personal vic-
 tory. He was a fastidious dresser, and
 which unhappily his enthusiasm taught
 me to hate. He played for the House of
 Commons and the Invalids, which he
 founded with the late Sir John Squire.
 Indeed, he was the fast bowler who was
 called "G. C. Macdonnell's
England, Their England."
 He was never forgiven, during his life-
 time, by Lord Beaverbrook for refusing
 to lend his name to a leading article, as
 chief leader writer of the *Daily Express*,
 which his proprietor had directed him
 causing his immediate dismissal and an-
 other financial crisis in our lives). Lord Beaver-
 brook in 1954, with his own characteristic
 brand of generosity, gave me lunch and
 spoke highly and movingly of my father's
 character.
 He was nine when my father died and I
 had not seen him for a year, since he was
 in Hollywood at the time of his death.
 My half brother was drowned when serv-
 ing with the Royal Navy during the war.
 I am his only surviving son. I did not
 know my father when we were both men.
 I do not have romantic ideas about his
 private conduct which, on the whole, I
 regard as having been, perhaps, a little
 above the level of the average. Certainly
 he left behind a multitude of friends, as
 my mother's letters of condolence
 demonstrate.
 In my political conduct, I find myself
 almost obsessed by my father's example,
 brief though it was. Continually I ask
 myself "Would he have approved?", and
 I find that approval necessary for any view
 I take. It is a still more difficult ques-
 tion of approval. I now realise, at the age of 49
 that I may never be satisfied; but that
 does not invalidate the quest. Nor does it
 mean that I shall not find the answer
 before I am too old, or that I cannot find
 it now as a Social Democrat within the
 Labour Party, as he might well have
 joined had he lived.
Humphry Berkeley

SPORT

Athletics



First day belongs to East Germany

First day belongs to East Germany

Nice, August 17.—East Germany was in a tough fight with the West and women's competitors in the European Cup finals here at the end of the first day. The East German women's team, led by Olga Bruns, 51, with the Soviet Union third on 49. Great Britain and West Germany were fourth equal with 45 points.

The Soviet Union might have been second but Evgenyina and Gabrielenko fell half way through the 400 metre hurdles and they scored no points. The Soviet men, all girls, after winning three events and coming second in three more, lead a 10 point lead at the end of the first day. The Soviet Union to the Soviet Union's 35. Poland was third on 31.

The East German men won only one of their four events. Only Heinz Lettewitz proved to have too much speed for David Black, of Great Britain, who had split the time in 4.43 minutes to go. The British and the Russians were the other hand, won three each, but cancelled out their wins with two very low placings. The British won the 100 and 200 metre events and the 100 and 200 metre events and seventh in three more.

Two of the British wins came in the exciting races. David Jenkins took off a late challenge from Markku Kukkoaho, of Finland, in the 40 metres and Alan Pascoe pushed off the Frenchman, Jean-Michel Nadeau, of France, over the last two buoys in the 400 metres hurdles. The victory was scored by Geoffrey Capes, who beat Heinrich Rothenberg, of East Germany, by a win the shot put.

The field events provided some of the best performances of the summer. In the 100 metres, the day's best was set by the American, more than 249 ft in the hammer, the first time so many men have thrown so far in one event. It was a K. K. Carter, who had the former world record holder, with a throw of 254 ft 3 ins.

The East German women began the day when Renata Stecher set a double world record in the 100 sprint to victory in the 100 metres. Andrea Lynch, of Britain, was second ahead of Irene Sauer, of Poland, and Briton, Lisa Ska may have been holding back for the later produced a five runner in the 400 metres to beat Ellen Evers, of East Germany, by a win the shot put.

The other East German victory came in the javelin, where Rüdiger Ferber of the GDR threw 90.50 meters, well clear of the field.

Saturday's Nice

Men

100 METRES: 1. V. Borovov (USSR) 10.8; 2. V. Kuznetsov (USSR) 10.9; 3. J. Thompson (USA) 10.9; 4. R. Bennett (GB) 10.85.

200 METRES: 1. J. Thompson (USA) 22.4; 2. J. Kuznetsov (USSR) 22.5; 3. M. Kukukskov (USSR) 22.6; 4. J. Thompson (USA) 22.7.

1500 METRES: 1. J. Wesselskamp (FRG) 4:29.8; 2. J. Wesselskamp (FRG) 4:29.8; 3. F. C. Linn (FRG) 4:30.0.

10.00 METRES: 1. K. H. Lelander (SWE) 23min 37.3sec; 2. J. C. Linn (FRG) 23min 37.3sec; 3. C. Linn (FRG) 23min 37.3sec.

5000 METRES HURDLES: 1. A. Papp (HUN) 19:00sec; 2. J. C. Linn (FRG) 19:00sec; 3. J. C. Linn (FRG) 19:00sec.

400 METRES RELAY: 1. East Germany 38.99sec; 2. Soviet Union 39.00sec; 3. Italy 39.01sec; 4. Argentina 40.07sec.

HIGH JUMP: 1. G. Gergely (HUN) 2.05m; 2. A. Bonafantis (ECU) 2.00m; 3. A. Bonafantis (ECU) 2.00m; 4. R. Betschmidt (ECU) 1.95m; 5. M. Bystrov (CZE) 1.90m.

LONG JUMP: 1. G. Czubalski (POL) 6.91m; 2. V. Podolskiy (USSR) 6.80m; 3. V. Podolskiy (USSR) 6.80m; 4. A. Lervell (GB) 6.75m; 5. A. Lervell (GB) 6.75m.

HAMMER: 1. K.-H. Niehm (GDR) 50.00m; 2. K.-H. Niehm (GDR) 50.00m; 3. K.-H. Niehm (GDR) 50.00m; 4. K.-H. Niehm (GDR) 50.00m; 5. K.-H. Niehm (GDR) 50.00m.

[illegible]

Moscow, Aug. 17.—The Soviet Union today repulsed a powerful challenge by Britain to win the Europe Cup (men's group A) swimming championship.

Britain, who were lying third overnight, 25 points behind the Russians, won three of today's seven events and took second in three others to overhaul East Germany. They finished with 116 points to the Soviet Union's 125.

David Davies, a double gold medal winner at the world championships in Cali, Colombia, predictably won the 200 metres breaststroke at the Lenin Cup, 2:00.76. Then, in a thrilling 300 m. final, he beat the favoured East German Roger Pyttel by a hundredth of a second and edged out another Russian, Vladimir Bure, on the last leg of the 4 x 200 metres free-style relay.

Yesterday

200 METRES FREE-STYLE: 1. B. Glagolev (USSR), 2min 09.85sec; 2. D. Davells (GB), 1min 56.10sec; 3. J. J. van der West (Germany), 1min 56.15sec.

400 METRES BACKSTROKE: 1. M. J. Carter (GB), 5min 09.85sec; 2. J. J. van der West (Germany), 5min 09.88sec.

200 METRES BREASTSTROKE: 1. D. Davies (USSR), 2min 21.37sec; 2. J. J. van der West (Germany), 2min 21.37sec; 3. East Germany, 2min 21.37sec.

400 METRES INDIVIDUAL MIXED: 1. C. Bos (Hungary), 5min 36.05sec; 2. J. Carter (GB), 4min 38.80sec; 3. J. J. van der West (Germany), 4min 37.57sec.

4 x 200 METRES FREE-STYLE RELAY: 1. USSR, 8min 17.66sec; 2. East Germany, 8min 17.66sec; 3. USSR, 8min 17.66sec.

100 YARDS: 1. J. J. van der West (USSR), 52.14sec; 2. J. J. van der West (USSR), 52.09sec; 100 metres breaststroke: 1. J. J. van der West (USSR), 1:59.94sec; 100 metres butterfly: 1. J. J. van der West (USSR), 1:59.94sec; 100 metres free-style: 1. R. Strohbach (East Germany), 1:59.94sec; 2. J. J. van der West (USSR), 2:00.76sec; 4 x 100 metres medley: USSR, 8min 17.66sec; 4 x 100 metres medley: USSR, 8min 17.66sec; 4 x 100 metres medley: USSR, 8min 17.66sec; 4 x 100 metres medley: USSR, 8min 17.66sec.

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The standing of British women's swimming, although still no match for the best Germans, was given a little lift there by the fact that the Europa Cup International (division A) at Leeds on Saturday, during the world championships, was the first time that British women fared badly.

However, with a young and weakened team at Leeds, Britain were able to make a comeback and maintained at a more hopeful future.

Susan Richardson, the 20-year-old team captain from Seckenham, had to swim the 100m freestyle, 200m individual medley to finish second with a time of 5min 10.76sec. Her club colleague, Margaret Arnold, aged 14, swam the 100m British junior record time of 2min 10.25sec.

Swimming was finishing only because Joanne Atkinson was ill, also set a new England junior record time of 2min 10.25sec.

Finally, this took place after Margaret Kelly, aged 18, had broken the British 100m breaststroke record in 1min 44.8sec the previous night.

The East Germans triumphed in the last two events, with two swimmers who had won 10 world championships sides in Cal. This week-

end they won 10 of the 14 events. The Netherlands were second with 85 points, and Eastm Brighna, who won the 100m freestyle, the 200m freestyle, won the Esso individual freestyle, won the Esso individual 800m freestyle: 1. M. Behrmann (E Germany) 5min 10.76sec; 2. Wagner (W Germany) 5:14.07; 3. G. W. (E Germany) 5:14.07; 4. S. (E Germany) 5:14.07; 5. E. Brighna (Netherlands) 5:14.07; 6. S. (E Germany) 5:14.07; 7. A. S. (E Germany) 5:14.07; 8. S. (E Germany) 5:14.07; 9. S. (E Germany) 5:14.07; 10. S. (E Germany) 5:14.07; 11. S. (E Germany) 5:14.07; 12. S. (E Germany) 5:14.07; 13. S. (E Germany) 5:14.07; 14. S. (E Germany) 5:14.07; 15. S. (E Germany) 5:14.07; 16. S. (E Germany) 5:14.07; 17. S. (E Germany) 5:14.07; 18. S. (E Germany) 5:14.07; 19. S. (E Germany) 5:14.07; 20. S. (E Germany) 5:14.07; 21. S. (E Germany) 5:14.07; 22. S. (E Germany) 5:14.07; 23. S. (E Germany) 5:14.07; 24. S. (E Germany) 5:14.07; 25. S. (E Germany) 5:14.07; 26. S. (E Germany) 5:14.07; 27. S. 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TEAM WORK

by Andrew Porter

Seventeen teams came to Cirencester for the Club polo championships. This nursery for the future of English polo has produced some excellent results and the teams have been fairly evenly matched. The Horswell family joining forces to beat the adult game.

When the competition was first started there were one or two outstanding juniors who were comparable to players in a gold or silver band; this feature, which subliminally produces the "pinks" future play, has been eliminated and the emphasis is now firmly based upon team work.

As the season progressed the top six was won by the local VWH team and whom Garry was the mainstay and Hunt hit two goals. The combined forces of the Heythrop and Bicester, not one of which can be singled out for special mention. They played to a younger team and Ballard hit the goal.

A other team of the Heythrop-Bicester took their due reward in the second match, beating VWH.

The whole spirit of this excellent tournament was based on team play rather than individual effort in hitting the ball. And it was pleasant to find that the award for the most improved player of the year went to Peter Gammage from Littleton, Hampshire, who had travelled a long way by horsebox from Cirencester from Scotland.

VWH: P. Elliott, 1, G. Hunt, 2, C. Gammage, 3, J. Gammage, 4, J. 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Featherstone Rovers 23
Bradford Northern 17
Two tries in the first 11 minutes by Newlove and Turfs got Featherstone Rovers off to a fine start and they were never in any real danger despite losing the scrum-half, Butler, after 25 minutes with a dislocated shoulder.

A lively Bradford rally in the second half produced 10 points in reply and their larger pack often proved problems in the loose.

For Featherstone (Turfs (2), Newlove, Bridges and Coventry scored tries and Box kicked four goals, Butler scored two goals, and Forrysh scores tries and Mumby kicked four goals.

Hull 21
Workington 21
Hull staged a magnificent recovery after being 19-8 down with just over 20 minutes to go and a man short after the dislocation of forward three Bickardell. Hull came back three tries and two goals to snatch a point.

Workington had seemed to have the match won, but a weak defensive goal kicking performance, by the winger, McCorquodale, who kicked eight out of nine attempts. For Hull came, Clark, Hancock, Forry and Butler scored three tries and three goals. And for Workington Davies score two tries.

Batley 10
Huyton 14
Harrison, Batley's second half substitute winger, was unlucky to be on the losing side in this tightly-fought match. Twice he had the opportunity of winning the match, but on both occasions he was brought back from his scoring position by the referee, Mr. Campbell, of Widnes. The first was in the 11th minute in the last minute for offside. Westhead and Preston got Huyton's tries and Wainwright kicked four goals before the referee blew the whistle.

Widnes scored by Harrison and Alan

Swinton 8
St Helens 10
The league champions, St Helens found new momentum. Swinton tough opponents in their first game of the season and clinched victory only eight minutes from time with a penalty goal by Coslett.

Benighan and Green scored tries for Swinton with a goal by Coslett. Swinton scored two tries for St Helens and Coslett added a goal.

Keighley 15
Leeds 39
Keighley were off to a fine start when Ros scored in the 75 yards move and Jefferson added the goal, but the class and speed of Leeds was soon evident and the visitors found fourth and eighth-point advantage. Keighley's other points came from Jefferson with the three goals and a dropped goal, and Roe and Smith scored two tries. The visitors kicked nine goals for Leeds and tries came from Sanderson (2), Haigh (2), Smith, Holmes and Dyl.

York 29
Doncaster 12
York went to an early seven-point lead through a penalty goal and a converted try scored by Heatherington. Encouraged with a penalty goal Doncaster tried to gain the same, but their hopes were dashed by two quick converted tries by Smith. For York Heatherington kicked five more goals and Smith and Cooper added two. Doncaster's Guy scored three goals and Edmondson and Lester got tries.

Bout for Turpin
Jackie Turpin, the Leamington welterweight, who was banned from boxing three years ago on medical grounds, returns to the ring at Birmingham on October 10. He has been in the ring

line season

Brisbane, Aug. 17.—Australia completed their best international Rugby Union season for years with a second win over Japan by 50-0 at Ballymore Park here today. Although Japan provided unexpectedly good opposition, Australia's superior skills carried them to victory.

Following their two wins against England earlier this year, Australia have now won four successive internationals in a season for the first time. They were buoyed by hopes of a surprising victory in the final game of their tour, scoring 22 points in only 12 minutes last week's victory over Wales.

David Brockhoff, the Australian coach, said the match served as a fine preparation for Australia's tour of Great Britain later this year. "We made mistakes today, but these were not under pressure," Brockhoff added that Australia would be seeking to make it five consecutive victories when they meet Scotland on December 6.

For Australia, John Ryan, a winger, scored three tries in a display of hard running. Geoffrey Shaw, who was named man of the match for time, scored two tries. Others were scored by Hauser, Price and A. Shaw. McLean converted six of them and kicked two penalty goals.

For Japan, Fujiwara scored two tries for Japan and Ishizuka, Aruga and Yonshida one each. Tanaka converted one of them and Ueyama scored a penalty goal.—Reuter.

Walker record attempt

Stockholm, August 17.—John Walker, of New Zealand, who broke the world mile record recently will try to beat the world 1000 metres record here on Tuesday afternoon. Who, some expect

Jackie Turpin, the Leamington welterweight, who was banned from boxing three years ago on medical grounds, returns to the ring at Birmingham on October 10 to box Dennis Harbo (Bradford). Turpin's licence was restored last week.

Stockholm, August 17.—John Walker, of New Zealand, who broke the world mile record recently will try to beat the world 1,500 metres record here on Tuesday. Nilsson, who recently won the Swedish 800 metres, will set a pace necessary for a world record.

The Empire has gone, but we still have a major world role

It is very rarely that the official Opposition divides the House against the Government on an issue of foreign affairs. It has not happened in the present Parliament, and apart from divisions on the European Community Act, which was rather a special occasion, it has been rare.

This does not mean that the Opposition is under any obligation to give automatic support to the Government, nor, I would hasten to add—lest Mr Callaghan should object—is there any obligation on the Government to produce a policy to suit the Opposition. But what it does mean is two things.

First, that for many years now there has been a general custom of trying to reach an agreed approach on the British national interest in our dealings with the outside world; and second, that the deep divisions on these issues lie not so much between the parties, as between the left and right wings of the Labour Party.

For many years now, from the days of Ernest Bevin, we have seen the spectacle of Labour foreign secretaries at question time harassed and attacked from their own back benches by their extreme left, and let it be said to their credit, hitting back with vigour and effect. The reason, I think, is simple. Labour foreign secretaries in office have recognised the two basic facts of British security: first, that our safety depends upon Nato, and upon the United States in particular; and second, that any threat to our safety that might arise, could only arise from the communist bloc.

These principles are definitely not accepted among the left wing of the Labour Party, where anti-Americanism has taken the place of the old tradition of pacifism and has combined with the following of the communist line.

Any attempt to assess the fundamentals of British foreign policy has to be made against a background of dramatic change. We live in a world where more has changed in one generation than in centuries before, and it seems reasonable to expect that the expanding discoveries of science will bring even more dramatic changes to the physical and social environment within which diplomacy must operate.

Let us consider some of the factors that affect Britain particularly. First, there is the loss of the Empire, the change in our status from the world that ruled a quarter of the globe, to an island state of Western Europe.

This decline, coincident with the growth of the super powers, has meant a drastic

decline in our ability to influence affairs abroad. The relative decline in our power, national production has further undermined our influence. It is difficult, although impossible not to face this decline if we are to be realistic in our policies. But we must avoid the easy temptation of thinking that because we can no longer do everything we want to, there is nothing that we can do and it isn't worth trying.

And there is the nuclear stalemate. The balance of terror remains an effective shield against a new world war. It is certainly better than no shield at all, but it is not a shield. Such a weight of potential mutual destruction must not for ever overhang mankind with its consequent dangers of accidental conflict, and possibly more sinister, the proliferation of atomic capacity in the hands of irresponsible hands.

This is the basic reason why the search for détente and disarmament is fundamental, though it must be pursued, if it is to be successful, with complete realism.

The third factor is the emergence of the concept of a concerted foreign policy on the part of the members of the EEC. Every month that passes, and every incident that occurs, underlines the limitations on the power of individual Western countries, and the need for them to work in concert if they are to exercise the influence that their united economic and political power could sustain.

Fourthly, there is the new-found unity and confidence of the developing countries, particularly the raw materials producers. The oil producers have pointed the way; others are likely to follow. The situation is not unlike that of the 1914-18 years, when the power of monopoly trade unions has grown so fast, not only because it is technically greater in modern industry, but even more because its possessors have begun to realise what power they really wield.

Unions of raw materials producers are clearly not in an identical position with trade unions, but the potential exercise of monopoly power on the world stage could make profound changes to world economic conditions. Indeed, one of the other changes is the growing emphasis on economic problems in international affairs, and the way in which traditional diplomacy and economic diplomacy have been intertwined.

Finally, I would suggest that the absence of war on the world scale, and the relative freedom from international conflict enjoyed by many countries has led to greater inter-

national instability, as aggressive instincts, normally released in international relations, now explode in internal ones. The resulting instability in many countries leads, as we can see graphically in the case of Portugal, for example, to new opportunities for intervention and to instability and threats to peace on an international scale.

Against this background, what should be the objectives of British policy? First and foremost, of course, the furtherance of British policy, both political and economic—and these, broadly speaking, mean the maintenance of peace, freedom of trade and access to the raw materials and markets we must have for our prosperity. This surely is unarguable.

But the sheer pursuit of Britain's interests narrowly defined cannot be everything. We must have regard for what we believe to be fair in our dealings with other countries. In the Middle East it would serve our narrow interests best to espouse the Arab cause wholeheartedly, and abandon Israel. Yet succeeding governments have refused, and rightly so, to do any such thing, believing that it would be unjust and immoral to do so, and that British interests must be based on an attempt to find a just and lasting solution.

Then there is also the question of how far, if at all, we should attempt to intervene in the internal affairs of other countries, particularly those whose regimes are repugnant to our ideas and democracy. Here clearly conflict arises.

We must remember that parliamentary democracy has not been a very successful export, and we cannot expect every country to adopt our particular philosophy. Our power of action in the modern world has been drastically reduced, and expressions of moral outrage are often deluding to the victims or actually counter-productive.

On the other hand, persuasive as is the call for minding Britain's business, it is not wholly convincing. It is one of the heaviest features of our society that people do express their sense of outrage at what foreign regimes are doing to them: for example, the very strong feelings about the treatment of Jews in the Soviet Union. This was raised by Conservative MPs when we recently met a delegation of Soviet parliamentarians, and we were entitled to raise these matters.

But we must recognize that we cannot live alone, defended only by the integrity of our own principles of government.

'We must recognize that we cannot live alone, defended only by the integrity of our own principles'



We have to have friends and allies. Above all, we have to seek, in the long run, agreement with other systems, which we find repugnant, because the alternative of mutual destruction would help no one. Certainly we must be specially aware of cases where developments within a country can threaten our own security, and of cases where there appears to be not only a different system of political practice from our own, but also departure from accepted standards of fundamental human rights.

The difference between the Labour and Conservative parties in their approach to foreign policy often appears to be one of degree rather than kind, though it is surely true, as I believe Callaghan pointed out at the two-way debate, that the Labour Government has been more vocal in defence matters, for example, we have criticized the Government and voted against it, because we believe their defence cuts, particularly in the naval field, are going much too far.

In the case of Europe, our support for the Community has been earlier and more consistent than that of the Labour Party, and with a few exceptions, such as Mr Jenkins, their enthusiasm has been notably less convincing. We feel sometimes, also, that there is a tendency to double standards in the Labour Government's choice of attitudes to differing countries throughout the world, a charge to which Mr Callaghan in his engaging manner, jovially spoke the other day. But the truth is that opposition spokesmen have invariably more freedom of expression than government ministers. While we must never forget that we hope to become the

government soon, and that what we have said in opposition will be remembered by countries with whom we will have diplomatic relations, there is the possibility of expressing ourselves more frankly and freely, opinions which often ministers are constrained from expressing by the necessities of diplomatic practice. Mrs Thatcher, for example, was able to call attention to the dangers of excessive optimism about Helsinki more bluntly than the Prime Minister was able to do. This is a clear advantage.

Our main foreign policy objective is the maintenance of our national security, with the long-term purpose of mutual disarmament and détente. We stressed and the Government accepted during the recent debate, that the Helsinki agreement in itself would not justify the standing down of a single Nato soldier. In fact, détente, if it is achieved, will in itself be the greatest justification of Nato. Now what we must see is whether, in the MBFR and SALT talks, the Soviet Union applies the principles of Helsinki, because if it does, real progress in disarmament and towards peace can be made. We have to concentrate, as our first priority, on strengthening Nato, and of developing the EEC in a political as well as an economic context, and these problems the Conservative Party is studying.

The first problem is the question of direct election to the European Parliament. There is a clear but undated commitment to this in the Treaty of Rome. The problems involved in the mechanics of the election, and the type of franchise to be used, and while we must respect the commitment, it is important to proceed with deliberation. Beyond this, the main develop-

ments on which we should concentrate appear to be twofold: there is within the framework of the Treaty of Rome, basically an economic treaty, provision for concerning policy on such matters as exchange rates, expansion and inflation, and energy.

Beyond the treaty we can see the development of a concerted approach to foreign policy problems. This I regard as being of the utmost importance, as each new problem we face tends to stress the common European interest. Whether, in the long run, it is better to operate through common institutions is less important, what matters is to develop the will to work together, and the habit of doing so. There are some encouraging examples already, for example, in the Eastern Mediterranean.

The more the better. One of our difficult problems is the attitude to be taken to the United Nations. No one, I hope, would deny that it embodies the ultimate ideal of international cooperation. Equally, I hope, no one would deny that practical results to date have fallen far short of that ideal. Our policy must be not one of despair, but one of trying to make the ideal progressively effective. There are some simple steps that must be faced. The first, that double standards do tend to operate within the United Nations, albeit for very understandable reasons. The second, is that the founders were realistic in recognizing that a great power which gave any member the same voting power from the smallest to the greatest country, needed to be tempered with realism—hence the Security Council and the veto.

The third, recognizably is that in all major matters of international concern it is the great powers and not the United Nations that call the tune. We must recognize this, and the implication it has for our partnership with the great powers, while maintaining our long-term desire to see the United Nations reestablished on the principles on which it was originally established.

Then there are areas of special interest, because of British history, tradition, or direct economic interest. For example, the Middle East, the eastern Mediterranean and southern Africa. In all these areas there are differences of emphasis between Conservatives and Labour. It is said the Labour Party are more pro-Arab, more pro-Greek, more anti the white governments remaining in Africa. I suspect that these differences once again are less between the two front benches, except possibly in the case of

Simmons, than they are between backbench and front bench members on the Government side. I have thought it right as opposition spokesman to say that, in these areas, where possible, the extent to which there is agreement, not complete, but substantial, between the Government and the Opposition.

The Middle East remains one of the most dangerous areas. Peace there still remains tenuous. There are overlapping conflicts: Israeli versus Arab, right versus left, the Soviet Union versus the United States. There is also the essence of tragedy, the conflict of right versus wrong, but of right versus right: because there are rights and wrongs on both sides. Successive British governments have based their policy on United Nations resolution 242. The concept to which we have adhered is that Israel should return to the 1947 boundaries, and that the military advance there, supported by an Arab recognition of the State of Israel, and a United Nations or other effective guarantee of her frontiers. A Palestinian state could within this context be established on the West Bank of the Jordan. Whatever emphasis may be placed on either side, whatever the long-term arguments of rights denied, or rights threatened, it is hard to see any other solution than a peaceable future will enable the peoples of the Middle East to live together in peace and prosperity.

There is cause for deep concern about the position in the Eastern Mediterranean, and Britain has a special responsibility in Cyprus. The threat to the integrity of Nato, arising from the Greek reaction and from the Turkish dispute with the United States, is a very serious one indeed. So far as possible, we should be seeking the part of mediators, in Cyprus itself, it seems that a solution can come only from agreement between the two parties on the island.

In southern Africa, too, there appears to be movement. Our interests here involve not only our tradition and our relations, but also the Cape route to India and the Far East. No one in the Conservative Party has defended the concept of apartheid. As the world has moved on, so the inevitability of majority rule in Rhodesia has become more apparent. But it is right for us to point out that Mr Vorster seems to have changed the emphasis of his policies, and is making a real effort to achieve an agreement with neighbour-

ing African states. In the process, who lives in this area, must be to its achieving a transitional period, ensuring that the transition is such a transition in which all can have genuine peace and prosperity. But we must be realistic in recognizing that the contribution to the world is limited.

Finally, there is special position Commonwealth. It is the most fascinating of the illogicality of tradition, Commonwealth, persisted in the many crude caricatures of the Empire should sweep away without us (as should the House of Lords), it is that there is a within the Commonwealth common sentiments, a common sense of the importance of both parties recognizing the increasing importance of the Commonwealth in the world, which is nevertheless, in the world would be the Commonwealth were to disappear, mutually accepted list of government opposition to try it.

The broad strategy foreign policy should be sharply diverted, change of government, national interest change, much as adapt to these changes. In these circumstances, the primary function is to maintain a critical performance of the to chide when tardiness, or lack to suggest when are needed, and support where justified, and to role that Britain now is a very indeed from what years ago, but it is less important, as no less honourable.

The author, Mr Chipping Barnet, Foreign Secretary. © Times Newspapers

A working-class view of war

The odd man out of the poets of the Great War is being belatedly but fittingly honoured with frequent biographies and the first comprehensive exhibition of his manuscripts and paintings. Other poets thrown up by the war, such as Siegfried Sassoon, were officers and public school gentlemen. They had deep roots in English society and inherited values to set against the barbarities of war. Isaac Rosenberg was working class from Steyney and a private soldier, the son of a pacifist, Jewish, industrial family from Russia, though a volunteer not a conscript.

Maybe the class barrier partly explains the lateness of his recognition. But it makes his point of view more vivid and contemporary 60 years later. Kids from the East End, coming to the poetry readings connected with the exhibition, regard Rosenberg proprietorially, as their local poet, in the same way that they support the Hammers. The exhibition confirms his status as one of the finest war poets, and the one whose attitudes and voices are closest to contemporary idiom. His paintings and drawings collected and shown for the first time suggest that his death in the trenches in April, 1918, was not something that could have developed into a considerable artistic talent.

Jean Liddard, author of the latest biography of Rosenberg's half-sister (Gollancz, £4.50), gets to the heart of the matter when she says: "His vision is inclusive. Deprivation was commonplace to him, so he was not

shocked by war; for him life had always been a battleground. In the trenches the sense of isolation and harshness he had always felt enabled him to speak in his poetry for a generation suddenly confronted with a similar experience. He was a victim, not a conqueror, of his own rootlessness, of the class system, of the war itself; and in his work he turned his defeats into victories."

Clifford Simmons, deputy director of the National Book League, has organized, with the help of Jean Liddard, a major exhibition of all Rosenberg's surviving manuscripts, notebooks, letters, paintings and drawings, supplemented by contemporary background material. The exhibition opens at the National Book League tomorrow.

Perhaps the most striking thing about the exhibition is the extreme poverty of the materials with which Rosenberg had to work. True poems like *Dead Man's Dump* and *Break of Day in the Trenches* are scrawled on backs of envelopes and other pathetic scraps of paper. *Daughters of War* is written in a tiny booklet made of lavatory paper.

He kept writing against all the odds, even when paper was hard to find, or the censor refused to let him send poems home.

His paintings are those of a young man, trying out different styles from the pre-Raphaelites and Blake (two of his most important influences on his verse) to Gauguin and Van Gogh. The proliferation of self-

portraits, often wearing a favourite hat, could be taken to indicate youthful vanity. But a more likely explanation is that Rosenberg the sitter was the only model that Rosenberg the ambitious but impoverished artist from the East End could afford. His last self-portrait, of himself wearing a steel helmet at the front, is drawn with black chalk and gouache on crumpled brown wrapping paper that looks as if it came from some parcel of home comforts for the lads in the trenches.

The letters and other documents fill out the life and motive power of the blossoming talent. In 1915 he wrote to Edward Marsh: "I never joined the army from patriotic reasons. Nothing can justify war. I suppose we must all fight to get the trouble over. Anyhow before the war I helped at home in the shops and did other things which helped to keep things going. I thought if I (sic) join there would be the separation allowance for my mother."

The first catalogue of Rosenberg's complete works, illustrated with his paintings and drawings, can be obtained from the National Book League for £2 plus postage. The Cockney who looked at war with a direct and unpretentious eye, and told it how it was without tunes of glory or anti-heroic rage, with a sense of realism, is at last being recognized as the voice of the subject of war, and a significant symbolic figure.

Philip Howard

Middle East: Throwing away golden opportunities

Andrew Faulds

We are becoming dangerously complacent about the Middle East. Although some progress towards an interim agreement seems imminent, we are comparatively oblivious of the reality of the situation as seen through Arab eyes. The fact is that large areas of land on the West Bank, on the Golan Heights, in Sinai and in Jerusalem itself—will still be held by the Israelis. We may offhandedly hope for an eventual overall solution by the protracted process of stage by stage. But why should the Arabs be either so optimistic or so unconcerned?

The slow progress and the prospect of a limited agreement only between Egypt and Israel—designed to divide the Arabs and they know it. The impending arrangement applied only to the Sinai peninsula and the Abu Rudeis. What is there in it for the Syrians—as regards the Golan—and the Palestinians, who are an essential element in a lasting settlement?

And the protraction of the occupation keeps Israel giving her yet more time to root her hold on Arab lands by the continuing seeding of Zionist settlements. Voices of moderation are likely to recede in such times and circumstances. This is real danger of retreat into an anti-western attitude

among the growing masses of politically conscious Arabs. And if rejection by the United States Congress of Jordan's request for defensive missiles forces even King Hussein into arms deal with Russia, the abandonment of the west will be under way.

The irony is that Israel's leaders cannot see that their intransigence ultimately endangers Israel herself. All the shuttle diplomacy of proposal and counter proposal prolongs the game but may lose the chance.

Such statements as President Sadat are in short supply. Holding the further frontiers of Israel only hardens the disapproval of the Third World.

Arab leaders have public opinions of their own to contend with. The growing restiveness about the stalemate of occupation. And there are undoubtedly forces in Egypt eager to replace a President who has so wholeheartedly committed himself to a course which while supposedly applying pressure, is the prime supporter of Israel.

As moves towards settlement drag on over the years, war will become more likely. Apart from the increased risk of great power involvement, which must follow the near defeat of either protagonist, the oil weapon will

wreak havoc on the weakened economies of Europe. Britain would suffer grievously. Oil will be withheld and Arab funds withdrawn. Our teetering economy can only collapse and political and social disruption would be upon us.

It is essential in the interests of Britain that we pursue two parallel aims in the Middle East. The first, of course, is real progress towards a settlement. It is an abdication of responsibility that the Foreign Secretary should so tamely subscribe to Dr Kissinger's tactics. A Europe that has found new unity and purpose must assert her separate way. EEC efforts for improved relations with the Arab world will flourish if the EEC ministers argue for a speedy move to Geneva after proper preparation.

And why should Britain and France not accede to the reiterated Arab request to play a part at Geneva? Europe and the Arab world have a common future at stake. The socialist leaders of Europe meet their Israeli counterparts regularly at meetings of the Socialist International where the Arabs are yet welcome. Did Mr Wilson—Chancellor Schmidt—impress on Mr Rabin at their recent meeting in Stockholm the urgent need for a retreat from Israeli intransigence and the occupied lands?

The second aim is the need for enormously increased contacts with the Arab world. Some of the EEC countries have realized this and are acting on it. France in particular has exerted herself to show real sympathy with the Arabs, and understanding of its political aims and commercial needs. Good will towards Britain abounds, yet we are throwing away literally golden opportunities.

Commercial and political effort has been limp and lacking. The French and the West Germans—and, of course, the Japanese—are leading us to it. In the past year, President Giscard d'Estaing has visited Morocco and Algeria and President Sadat has been to Paris. Mr Chirac, the French Prime Minister, has been to Iraq and the Foreign Secretary, Mr Sainsbury, to Egypt, Jordan, Morocco and Lebanon and has yet met Yasser Arafat. Such visits have enormously increased the popularity of France and enormously enhanced her commercial prospects throughout the Middle East.

And what flag have we flown? Mr Callaghan has visited Egypt. But the Prime Minister has not been to a single Arab country (apart from a few hours in Tunisia some years ago to see the aging President Bour-

guiba). The present friendship with the Arabs should now acquire tance or two amor socialist leaders. been invitations tended to him which found time to fit Arabs recall that De to Israel and the Ch spent in Bethlehem territory. The Prime has a lot to live do. Britain's interest that he should now feet to Mecca and m the Arab leaders on soil. And a trip or Foreign Secretary the way would not

We in the West—rain in particular—to be at all, complete the Middle East sin need agreement as much as the comba we need good relatior interflow of oil and more than most. A tical leaders and th community doing as well as they should one wonders.

The author is Labor Warley, East. © Times Newspapers

The Times Diary

How freaks make out in the country

Alternative England and Wales, a rich and colourful guide which could be sub-titled *A Dodger's Dictionary*—will be published next month. It is from the resourceful pen of Nicholas Saunders, who scoured the country in a van picking up arctic tips on how to save a few pence and where the freaks are at.

Wales has a good many "freak settlers" ("ex-city freaks") whom Saunders investigated: "So far there isn't much integration with the Welsh... when the first marriage between a freak and a local girl took place last autumn the police chose their wedding party for the first drugs raid in the area."

The country scene is very different from *Alternative London* which Saunders compiled recently. He realized that touching clarity in rural Wales: "Don't expect to rush into a scene the day you arrive—people living in the country get slowed down... if you're looking for a city-type scene you'll be disappointed—people are much more into their

animals, vegetables and babies; visiting each other often involves a long walk through the mud."

Saunders's range is wide. The contents cover: Involvement, Retreats, Mystical Martial Arts, not forgetting Herbalism and Ecology—nice to see old favourites are not forgotten.

Saunders's own aim after compiling alternatives for others is to set up a village community; meanwhile he has contracted to write *The Alternative Future* for Thames and Hudson. "I hope to describe a complete social and economic structure that would be better than the one we have and to achieve. It is nice to meet a futurologist who is also an optimist."

Gripping

To the surprise of the organizers Birmingham's first Pakistani sports day yesterday attracted a crowd of nearly 10,000 in spite of the counter attractions of the John Player

Sunday League round the corner at Edgbaston. Teams from as far away as High Wycombe and Leeds converged on Cathorpe Park to take part in the games, which chiefly consisted of wrestling, preceded by each chanting and leaping by the participants to create a suitable belligerent atmosphere.

Most of the afternoon was devoted to a knock-out contest of Beebe, a kind of wrist wrestling which seemed fun for the combatants, but lacking the spectator appeal of the sweat-and-grim British television variety. None the less, some spectators were moved to indulge in their own impetuous brawls, causing momentary anxiety among the officials who had not thought it necessary to request crowd-controlling police.

Undoubtedly, the best part of a Beebe contest is the winner's lap of honour, in which he strolls round the arena collecting pound notes from admirers.

In spite of the large crowd, not one of the spectators was female. "Our Birmingham community is very conservative, coming as they do from the country areas of Pakistan," explained D. M. Khan, one of the

organizers. "We do not believe that a sports day is the place for women. But, had we staged this event in London, it would have been a different story."

Now I know how travel agents keep up their supplies of superlatives and flowery prose. The brochure of the Vienna-based International Sightseeing and Tours Association, after giving the rates for advertising in its tariff book, states: "Clients may be either supplied by the agency, or paid for."

Relief

Britain is not finished yet. Our inventiveness, as manufacturers claim, about to banish one of the world's many shortages. The Golden Street, its inventors claim, is all-British and it will "revolutionize" the supply of bows for stringed instruments. Hitherto there has been a dire shortage both of materials and makers, and most cheap bows had to be imported from Eastern Europe and Japan, often subject to long delays.

The bow is made up of two new wonder materials. The stick is made of concrete, a "modern" material which is claimed to be stiffer than brazil wood and as light in weight. The hair is "Stradex", a new pre-stretched synthetic which is

reckoned to be much better for the purpose than the nylon that some poor violinists have been reduced to using.

The invention is on display at the Music Trade Annual Exhibition in London this week, and it incorporates a spring mechanism for instant re-loading. Supplied with hanks of Stradex cut to length even schoolchildren can re-hair their bows in minutes when they scrape through them. The world should be grateful.

Monster

While Britain surges ahead with musical innovation, Continentalers are struggling to revive museum pieces. In the Paris Conservatoire a Swiss instrument-maker has been repairing an octobass, a sort of super doublebass invented by the nineteenth-century maker, Jean-Baptiste Vuillaume. Its pegs look like Mickey Mouse's ears, and it towers 10ft above him.

The instrument was lavishly praised by Hector Berlioz. He spoke of "sounds of remarkable beauty and power, full, strong and without any roughness." With his characteristic love of immensity he was not to recommend that any festival orchestra ought to have at least three octobasses.

As the finger board is well above the player's head and the stretch of the three strings far too broad for the fingers, the octobass had to have "mechanical fingers" invented to effect the stopping. These are levers worked either by the left hand or by the feet on a little platform where the player stands bowing with his right hand.

Ground, shortly after it was invented, gave the octobass a part in his *Saint Cecilia*. Mass of 1851. The instrument is now being got ready to celebrate the one hundredth anniversary of Vuillaume's death and the winner of this year's Conservatoire prize for the doublebass class will play it properly for the first time since Vuillaume gave it to the Conservatoire 103 years ago.

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Dunder's most fashionable restaurant last week offered a dish called *Flets de Sole Duvroux au Vin Blanc*. It did not say whether they were using lemon-scented Vin, but I expect they would be with fish.

Being seen

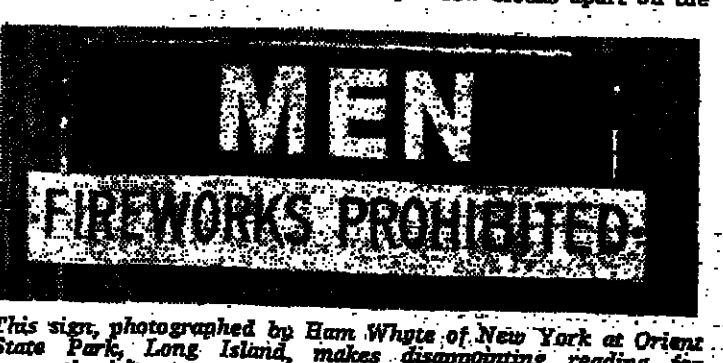
New Yorkers enjoy the public side of the city's literary life, with its competitive and vicious in-fighting. The latest event to have received attention concerns the rival claims of two restaurants to be the place the literary elite frequents.

The protagonists are Elaine's and Nicola's, two restaurants of much the same appearance only a few blocks apart on the

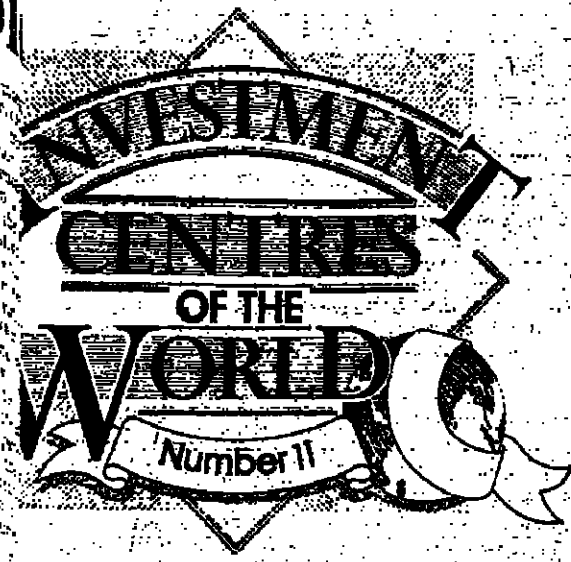
Upper East Side. In Elaine's, named after Elaine Kaufman, has clustered swags of chateaux ranging from Halberstam and G. (fashionable) to Marlon Brando (fashionable) to Nicola's (fashionable). But since opened a couple of years ago, its primacy is threatened.

Habitues of both restaurants tell of rivaling friends on his have a drink at Nicola's eating at Elaine's—an that they were ma opposite journey. "swore we'd keep it: rer," he said.

A New York editor that the phenomenal result of the "celebration of literary life. Si advent of the New Jo he says, writers have more important than ple they write about.



This sign, photographed by Ham Whig of New York at Orient State Park, Long Island, makes disappointing reading for energetic visitors.



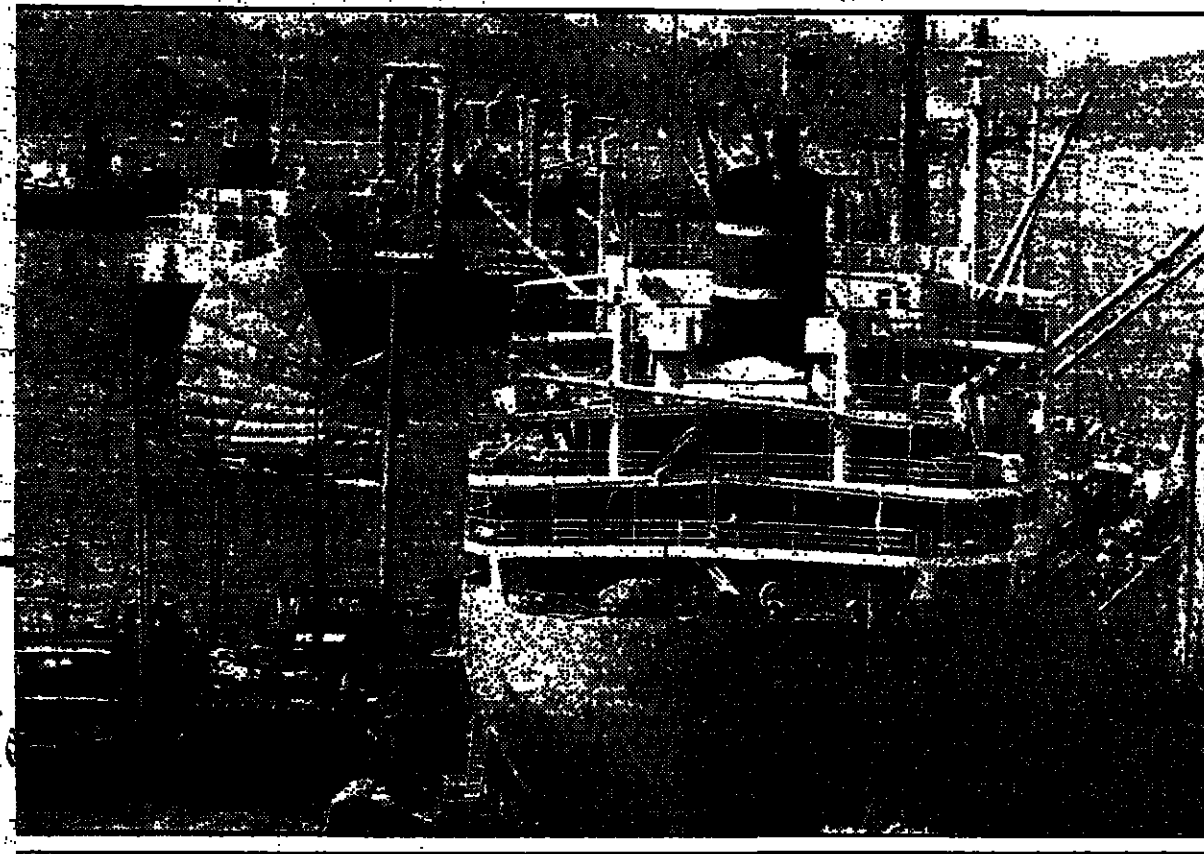
Hong Kong

Seeking to multiply investment in year of the Hare

Hard Hughes
ong now appears to have escaped from the world crisis. Despite widespread unemployment (probably about 200,000) and reduced working hours in 1974, Hong Kong suffered no strikes or even serious union protests or pay-rise demands. The official communist press and the party establishment angrily denounced militant Chinese students and local extreme leftists who tried vainly to provoke labour disturbances and even demonstrations. They were branded as Trotskyites. And the leftist Federation of Trade Unions organized its own internal system of shared labour, voluntary part-time rotation and hard work.

Technical training for young workers is being systematically expanded. More than 4,000 students will be trained full-time and 12,000 part-time in the new polytechnic. There is an existing glut of raw materials, with lowered prices for continuing basic imports like building material. More advanced equipment is arriving at lower prices. More office and industrial space is available at cheaper rents and land prices have been reduced, offering wider opportunity for essential diversification. Corporation profits tax remains at 16 per cent, subject to allowances and deductions, compared with up to 50 per cent elsewhere. Artificial incentives remain

on the black list. The foreign investor can leave when he likes. Already more than 250 foreign-affiliated firms operate in Hong Kong, employing 65,000 workers and providing more than 10 per cent of Hong Kong's exports. "Multinationals" like "profits" has never been a dirty word in Hong Kong. The continuing, well-organized drive for foreign investment has already been directed to Britain, Australia, Germany, Denmark, Canada and the United States. There will be another special foray into the United States and an approach to Japan next year. The textile agreement with the European Economic Community has been welcomed despite restrictions. Hong Kong likes "guaranteed agreements", even if limited, because the quotas will be fully met and the EEC compromise offers annual growth bonuses.



One dirty word which has embarrassed Hong Kong is "corruption". Corruption has always been a way of life in Asia, and old hands, who have lived in Tokyo, pre-Marcos Manila, Bangkok, Kuala Lumpur, Rangoon and Indonesia, know how the old "tea-money" tradition seeps into normal business and police operations—sometimes discreet and gentlemanly, but always sought, offered and accepted. Alas, there is evidence that the ancient eastern ailment still defies Maoist teaching and persists. True, the depth and extent of police corruption in Hong Kong, recently uncovered, surprised even the cynics, but the situation is now in hand. The new Independent Commission against Corruption has a strong staff and a formidable chief, Mr. Jack Carter, and its long-range activities continue to spread. In any event, the payoff in Hong Kong seldom affected big business but only crime and punishment. Foreign investors need not budget for this working expense in Hong Kong any more than they now need to do in straightlaced Singapore.

Hong Kong survives only because it suits and serves China. Today, foreign investors may rest assured, relations between the anachronistic Opium War survival and liberated, Maoist-Marxist, anti-colonial and anti-imperialist Peking have never been closer, more cordial or more mutually rewarding.

as well as remittances from overseas Chinese. Communist trading and financial operations are intertwined with Hong Kong government and capitalist practice. The Peking Government operates more than 50 department stores, eight smaller banks, two insurance companies, three financial syndicates, and a number of shoe stores, publishing houses and restaurants. An old sign stands proudly above the front window of the leading Chinese emporium in Hong Kong. It is written in English: "mutual profit". But everyone knows that the tenure of the running lease will never be determined by a foreign-devil manager, but by a Peking chairman.

Peking's premier trading agency is the China Resources Corporation, which has quietly set an historic precedent by technically "buying" Chinese land inside Hong Kong. Peking will "own, control and operate" two pieces of Chinese territory on a long-term basis: a section of the railway yard at Shatin station in the New Territories for a spur railway line, a storage depot, and a section of Tsing-yi island for construction of an oil storage base.

This operation is designed to facilitate China's vital expansion of oil exports to Hong Kong. China's oil exports to Hong Kong for the first four months of 1975 have totalled nearly 116,000 tons, worth \$HK\$50m, compared with 236,000 tons and \$HK\$103m for the whole of 1974. China now sends oil to the colony at the rate of 16 rail deliveries a month compared with only four a month last year and plans daily rail shipments.

There have been serious, if implausible, suggestions by old hands that Hong Kong's new airport should be built on the border for joint use by Chinese and international airlines. A new pipeline for possible duplicated Chinese water supplies to Hong Kong is being built—ironically, according to returning Chinese visitors, with the voluntary help of conscripted labour by "freedom-swimmers" from the mainland whom Hong Kong, with a proud Kowtow in the present mood of détente, now forcibly repatriates to China.

The British military presence—now a 10,250-strong garrison—becomes increasingly symbolic. When cut by possibly a third, leaving only Gurkhas, it will be concerned only with possible internal security issues. The Hong Kong establishment—backed by the local party establishment—is angry over the expected demand by Whitehall that Hong Kong should double its current contribution to the force of \$HK\$90m.

State role to stay out of industry

by John Greenwood

"No great achievement is possible without persistent work." Although in the pre-war era when he wrote this dictum Bertrand Russell was far from being persuaded of the virtues of free markets, undoubtedly he would have been impressed by the evidence of Hong Kong's economic achievement over the past two decades.

That achievement has been all the more remarkable because it has been accomplished largely by the persistent pursuit of a set of principles which have today been almost entirely set aside in Britain, the country where they were first affirmed in the eighteenth century.

Hong Kong's economic success, according to Mr. David Jordan, Director of Commerce and Industry in the Hong Kong Government, is based on dedication to free trade and fair competition, a hard-working and versatile labour force and the minimum of bureaucratic interference with business activity. "You do not have to get permission from anyone to start doing business in Hong Kong."

The government believes that its role in industrial development is to provide the basic infrastructure in which businessmen can make their own decisions, unimpeded by government controls, regulations and restrictions. Hong Kong believes and is evidence that the private entrepreneur knows better than government officials what is best for him and his business.

Against this background Hong Kong does not need to offer the potential investor tax holidays, subsidies, protective import duties or any other concessions that can be taken away as easily as they are granted. However, it does offer everyone, both resident and non-resident, the advantages of low taxes, freedom from import or export duties and freedom to remit capital and profits in or out.

In its booklet, *Industrial Investment*, the Trade Development Council lists 10 attractions of Hong Kong as a

base for foreign companies. Among them, only its strategic economic location in the rapidly growing economies of South-east Asia, close to Japan and within easy access of the major shipping routes of the region, and its adaptable and hard-working labour force of more than 600,000, may be said to be by good fortune rather than by design. For the rest, the principles remarked on by Mr. Jordan must take due credit.

The free enterprise environment, the establishment of an industrial economy, an efficient public service system, well-developed supporting industries and high-quality management are all indirect results of this application.

On a day-to-day level a fiscally prudent government maintains a low rate of taxation and stable currency with substantial reserves.

The colony's public service operates with a minimum of red tape, and senior government officials are dedicated to maintaining this state of affairs. There is a marked reluctance to engage in expensive, bureaucratically-run projects or economic experiments.

Because of this philosophy there are scarcely any restrictions on the products any company, local or foreign, may manufacture. There is no distinction drawn between local and overseas companies and no special favours are granted.

Only exceptions in banking

The only exceptions are in banking, where no new licences have been granted since 1973, and an apparent tendency in some Government circles for attracting manufacturing companies in preference to other business. At the end of 1973, in manufacturing alone there were 221 factories in Hong Kong either fully or partly owned by overseas interests. These employed a total labour force of about 65,000 or 11 per cent of total employment in the manufacturing industry, the main sources of the \$270m foreign investment in manufacturing being the United States, Japan, Britain, Thailand, Singapore and Australia. The five largest areas of foreign investment were clocks and watches, chemical products, toys, food manufactures and electrical goods.

To overcome the problems of lack of suitable sites, in recent years the Government has undertaken extensive site formation, including reclamation from the sea. To cope with the increasing population, now about

4,200,000, and to provide the land for rapidly expanding manufacturing industries, industrial townships and industrial zones have been designated, the land generally being leased by the Crown to the highest bidders. Following traditional policy, there is no discrimination against overseas nationals holding title to the land. Overseas investors can buy the leases of industrial land on which to build their own plants.

An industrial township, the Tsuen Wan-Kwai Chung complex, produces a wide range of consumer goods and light industrial products. Within a few years the population in government and government-aided housing will be no fewer than 1,400,000, providing a readily available workforce. In Tsing Yi, an industrial zone, land is set aside for medium to heavy industries, including cement, shipping container fabrication, corrugated paper products and ship repair facilities provided by a floating dry dock.

For the United Kingdom portfolio investor it is a sad fact that almost every obstacle to investment in Hong Kong is imposed by the United Kingdom authorities. The colony has no exchange control restrictions on movement of funds in and out, and no taxes are imposed on capital gains. The accumulation of financial assets through thrift is in no way discouraged by penal taxes, but the Commissioner of Banking and the Securities Commissioner supervise the practices and soundness of the financial community. Despite the dramatic decline in the stock market very few significant local brokerage houses went out of business, and not one financial institution went to the wall.

The attitude of the Government towards foreign portfolio or direct investors may be said to be identical to its treatment of its own residents. While recognizing that the colony's overall industrial development profits from the presence of overseas companies, the Government is anxious to ensure that foreigners too should profit from the healthy, vigorous and competitive environment.

The author is economist at G.T. Management (Asia).

This is the eleventh in a series of Special Reports on investment and development centres of the world. Johannesburg, the next report will appear on August 26. The series will be republished as a booklet available from the Marketing Department. The Times, price £2.

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Hong Kong provides up to 40 per cent of China's foreign exchange earnings, and is Peking's principal contact with the outside world. China, with its huge and still proliferating population, which may reach a thousand million within 30 years, must change from a peasant-farming to an industrial society. Unless it can industrialize, it is unlikely to have an economy able to support so many people. The only way it can industrialize is to buy technology from the United States, Japan and Europe. The best way to marshal this money is to use the services of capitalists without letting them live in China with their dangerously bourgeois ideas: in other words, to keep Hong Kong the way it is. "Unfolding before us in Hong Kong," the old China hand and author, Chang Kuo-shin, sagely observed, "is the strange phenomenon of what I would call commercialized communism. . . . Outside China, Peking assumes the posture and reality of a hard-boiled and seasoned capitalist. It has learnt all the capitalistic gimmicks in sales promotion, advertising, hire purchases, exhibitions and so on. It has mastered the art of watching market trends and adjusting prices on the basis of supply and demand."

In Hong Kong, this "commercialized communism" has produced that unique political-topos, the millionaire communist. Mr. K. C. Wong, chairman of the communist-dominated Chinese Chamber of Commerce in Hong Kong, is a notable example. He has interests in shipping, department stores and an expensive Kowloon restaurant. His family lives in Canada, while he is a member of the National People's Congress. In a partitioned penthouse flat, Mr. Li Chou-shia, who wears a modest Mao-jacket as manager of the Mao of China, supervises the collection of China's foreign exchange income—direct trade,

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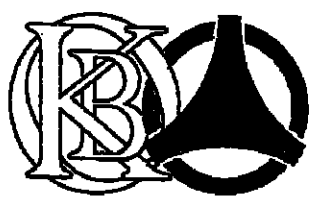
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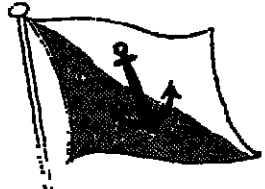
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Direct investment: manufacturing

Determined workers the keystone of busy trading centre

by Bruce Maxwell

By Asian standards Hong Kong enjoys a high standard of living, although wage levels fall substantially below rates paid for comparable jobs in more industrialized countries.

To an employer thinking of establishing an Asian branch or factory this presents a dilemma. When reviewing labour requirements, should he take advantage of the lower pay scales in force elsewhere in the region; or should he opt for the technical skills, flexibility and sheer determination of Hong Kong's workforce?

South Korea, Taiwan, the Philippines, Indonesia, Singapore, Malaysia and Thailand have worked aggressively to attract investment to their areas recently. And different employers have chosen one or other methods of solving the labour problem. Success is reported on both sides.

However, it is becoming clear to most overseas industrialists that workers in different Asian countries have developed distinct characteristics and can no longer be counted simply by head numbers or the size of salary packages.

The average Hong Kong worker is probably the most industrious of all. The colony's spectacular transformation from an entrepôt port to a bustling manufacturing, banking, shipping and trading centre can be largely

attributed to his endeavours. His aim is to make money—as much of it as possible. Happily he chooses to work hard and skilfully in the best interests of his employer to achieve his goal.

In times of crisis, however, the worker philosophically tightens his belt and makes the best of it, actually assisting an employer to ride out a lean period. Or if an industry has collapsed entirely—say the wig trade—he will reemerge the following day as a shipping clerk or taxi driver or barman.

A strike simply means money lost to both sides. He would need to be presented with an overwhelming argument before contemplating industrial action. To illustrate the point, between 1969 and 1973 an average of 32 working days a year were lost per 1,000 employees in Hong Kong. Contrast this figure—as did a recent Hong Kong American Chamber of Commerce report, with Canada, 1,722; the United States, 1,372; Britain, 1,036; Japan, 238; Sweden, 62. It is clear that the lowest rates of strikes and work stoppages.

A comprehensive investigation of the subject was published in May by the Hong Kong-based journal, *Business Asia*. This compared the report of the Fourth Asia-Pacific Compensation Survey (APCS), examined wages, allowances, fringe benefits and compen-

sation policies in 12 regional countries.

It covers 73 job categories from general manager to waitress, such matters as expatriates' split salaries, companies' currency realignment policies, as well as sick leave, severance pay and company product discounts.

A précis of APCS looks at five selected occupations—mechanical engineer, senior or executive secretary, technical salesman, skilled worker and truck driver. Using Hong Kong as the base 100 units in making a pay comparison, it becomes evident that colony wages rank third highest among the countries reviewed, in a neck-and-neck tussle with Singapore for the place. Both are easily outdistanced by Australia and Japan.

Anomalies in pay

Anomalies are also apparent. For example, a mechanical engineer in Singapore receives almost double the pay of his Hong Kong counterpart. Even in Indonesia, which has one of the region's lowest per capita incomes, the same job commands more money than in Hong Kong, presumably because of the influx of oil men there.

Skilled workers too command higher wages in Singa-

pore than in the colony, while at the lower end of the scale India, Philippines and Thailand, with occasional Korea and Taiwan, vie for the cheapest slots.

According to APCS, a mechanical engineer in Hong Kong takes home about £250 a month, including regular bonuses. The executive secretary manages slightly more. The technical salesman earns \$171, a truck driver \$118 and a skilled worker \$95. Among companies surveyed in the region, only 15 per cent took labour unions into account when reviewing salaries.

The Hong Kong Government's own view of the situation, contained in a special report on Hong Kong manufacturing companies which have an overseas equity content, was that the highest monthly paid local employees in December 1974 were those in the building and construction materials industry (£137), followed by those in chemical products (£125) and printing (£114).

Leather and metalware workers were lowest (£58), below employees in electrical products (£63) and plastics (£64). The survey covers only the manufacturing sector that is not exclusively Hong Kong-owned.

In the same context employees of hair products factories had seen their wages rise by 36 per cent compared with December, 1973, while

those in clothing were up 20 per cent, chemical products 13 per cent, metalware products 18 per cent and footwear 15 per cent; albeit all from a low base.

Wages in the food/beverage, plastics and leather industries recorded decreases ranging from 9 to 18 per cent. Census and statistics department figures for March 1975 show overall manufacturing employment falling off, especially among cottage industries with fewer than 10 workers.

The same department, in a separate document on wages, says that the average wage of an industrial worker in March including fringe benefits was \$270 a day. Looking at 26 manufacturing

concerns, seven public utilities and three service industries, it recorded scales almost down to £1 a day for apprentice cotton spinners. In terms of purchasing power, only workers in the utilities, services and dockyards seemed to be improving their lot, while most of the remainder showed a decrease.

Altogether the colony has 283 unions with a total membership of 235,735 or slightly more than a fifth of the workforce. Of these unions, 70 per cent are regarded as being left wing, although this is open to doubt. A further 15 per cent are classified as right wing, with the rest in between. In practice almost every one of them urges

members to modernize industry. Many concede providing members and social functions. Disputes are dealt by the Government's Relations Service legally is rather a rigid, but against has still achieved its principal role. A deadlock to a separate labour which has the same as a district, that its decision creates precedents. are generally held days and often with night of a complete lodged, and no separation is allowed.

Country pay comparison for five selected occupations

(Mean monthly salary in \$US* Index (in brackets) with Hong Kong = 100)

	Mechanical Engineer	Senior or Executive Secretary	Technical Salesman	Skilled Worker
Australia	1,088 (216)	847 (152)	1,138 (232)	779 (160)
Hong Kong	508 (100)	559 (100)	343 (100)	181 (100)
India	126 (25)	132 (24)	74 (22)	71 (37)
Indonesia	521 (102)	332 (59)	230 (67)	84 (44)
Japan	886 (174)	690 (123)	774 (226)	601 (380)
Korea	187 (37)	352 (63)	238 (69)	152 (80)
Malaysia	488 (96)	309 (55)	380 (102)	139 (73)
Philippines	208 (41)	163 (29)	146 (43)	73 (38)
Singapore	984 (195)	408 (73)	313 (91)	206 (108)
Taiwan	233 (46)	288 (52)	241 (70)	131 (68)
Thailand	392 (77)	385 (65)	244 (71)	57 (30)
S. Vietnam	230 (45)	251 (45)	226 (66)	109 (57)

* Bonuses have been included in the above figures if they are of a regular kind, as is Source: Business Asia.

Big advantages for Britons in joint ventures

The prevalent attitude among British businessmen to industrial investment in Hong Kong is rather like that of parents to a child who has grown up—everyone else can see it, but the parents are the last to notice.

That comment comes from Mr Roy Porter, an Acting Deputy Director of the colony's Commerce and Industry Department, who recently returned from Britain after a series of seminars and individual discussions aimed at extolling Hong Kong's virtues as a manufacturing base.

He made the comparison when talking about British interest in relation to the demonstrable enthusiasm of others, notably the United States and Japan, both of which have snapped up many opportunities over the last 10 years and now far outrank British industrial participation.

On paper at least, even Thailand, aided largely by the setting up of a sizable watch component plant in Hong Kong, has managed to a

nudge Britain into fourth place this year. The term "on paper" is used because Hong Kong's statistics can be a little illusory, and anyone who has followed the colony's remarkable growth would be justified in asking what has happened to all those British firms or trading houses that were so involved with Hong Kong from the original colonization.

The answer is that they have widely diversified their activities and for the most part continue to add to enviable profit records, but nowadays they are regarded, in Hong Kong, as essentially Hong Kong companies and as such do not appear in tables tracing later investment.

Mr Porter's latest exercise was carried out in conjunction with the Confederation of British Industry. Hong Kong had suggested a seminar series in Britain roughly entitled *Asian investment—the alternatives*, with representatives from Singapore and Malaysia also taking part.

The CBI sent out 11,000 invitations, which produced a response from only 50

British firms. In addition, the Hong Kong Government itself contacted 500 concerns individually. Looking back at the result, Mr Porter describes it as being "indicative of the present approach of British industry to joint ventures and plants will take a year or two to materialize, but a handful could be in production by December. All cases involve an investment of less than £1m.

What will the businessmen find in Hong Kong as they consider joining earlier arrivals like P. & O., Thomson, and Cunard? The range extends from minority equity interests in garment factories, usually kept quiet for political rather than quality reasons, to the subsidiary activities of operations such as those of British Oryx and British American Tobacco.

The latest government manufacturing survey completed in late July and dealing with the year ended December, 1974, shows Britain with 8.2 per cent of total overseas investment in Hong Kong (United States 50 per cent, Japan 15.6 per cent). But whereas the Americans and Japanese prefer wholly owned subsidiaries, Britain's small £12.8m was spread principally in the joint venture area (the survey covered 236 overseas equity companies which divided equally into 118 subsidiaries and 118 joint ventures).

Attitude popular with Chinese

The Government's figures do not quite tally with those of other commercial and industrial organizations in Hong Kong and doubtless British investment is rather higher than the bald statistics indicate. However, British preoccupation with joint ventures is not in dispute, and that attitude is popular among local Chinese businessmen.

The latter have a marked dislike of purely licensing agreements, feeling understandably that if a project is worth undertaking then the principal should likewise be keen to reap direct dividends from the manufacturing process. That decided, the representative of a British company wishing to set up in Hong Kong faces very few restrictions and many distinct advantages.

In common with existing British firms which have an industrial base in the colony, equity participation could be anything from 5 per cent to 100 per cent. Unlike most developing countries—Hong Kong's competitors in attracting overseas industry—there are no ground rules on who becomes the major or minor partner.

Taking two local companies as examples, Integrated Electronics is an equal joint venture between British and American interests, and Delta Trading British-Swiss combine. The businessmen can decide on partners and relative shareholdings as appears suitable without Government interference. Most joint ventures naturally are formed with Chinese business interests.

Capital also is not a major difficulty. Hong Kong's desire is to broaden its industrial base, and not necessarily to go out, cap in hand, looking for capital investment per se. Loan financing is probably

Commitment to profit

In that context it is pointed out too that profits accrued in Hong Kong are absolutely free to be reinvested in the home country or anywhere else for that matter.

Basically the Government's approach is to leave business to be run by the businessmen. It used to be called a laissez faire policy, but recently somebody has decided that it should more accurately be termed a "commitment to the profit motive". The reason cited for the change is that Government does play a highly active role in providing services and lends heavy financial support to a bevy of institutions set up to assist the industrialist in numerous areas.

A further important consideration which has tempted American and Japanese firms into the fold is profit tax, which has recently been increased to 16.5 per cent. However, the administration are at pains to emphasize that this second rise in 30 years is the result of exceptional circumstances, and that a return to the formerly prevailing 15 per cent level is being mooted.

According to the survey of 236 manufacturing establishments which are subsidiaries or joint ventures involving overseas concerns, most of Britain's existing investments are not in major Hong Kong industries. The largest British interest in the leading categories is in the manufacture of chemical products.

The trend appears to be changing. Inquiries following the last Hong Kong Government sortie to Britain have so far concentrated on the electronics and engineering fields, with electronics now playing a vital role in the Hong Kong economy. Diversification still appears, though, as is evident from other approaches by companies concerned with die casting, machine tool products, printing, metal cutting tools, stainless steel, fabrics, thermoplastic and pneumatic equipment. Generally these are derivatives of the colony's existing industrial core.

Of the 236 establishments surveyed, 91 reported that they had expanded their activities in 1974-75 in Hong Kong, 11 in other areas (Taiwan four, Malaysia four, Singapore two, Thailand one), and 10 both in Hong Kong and other areas in Asia.

This year (the survey was conducted in February-March), 57 planned to diversify—41 within Hong Kong and eight both in Hong Kong and elsewhere. The remainder said they would consider other regions in Asia such as the Philippines, Malaysia and Taiwan.



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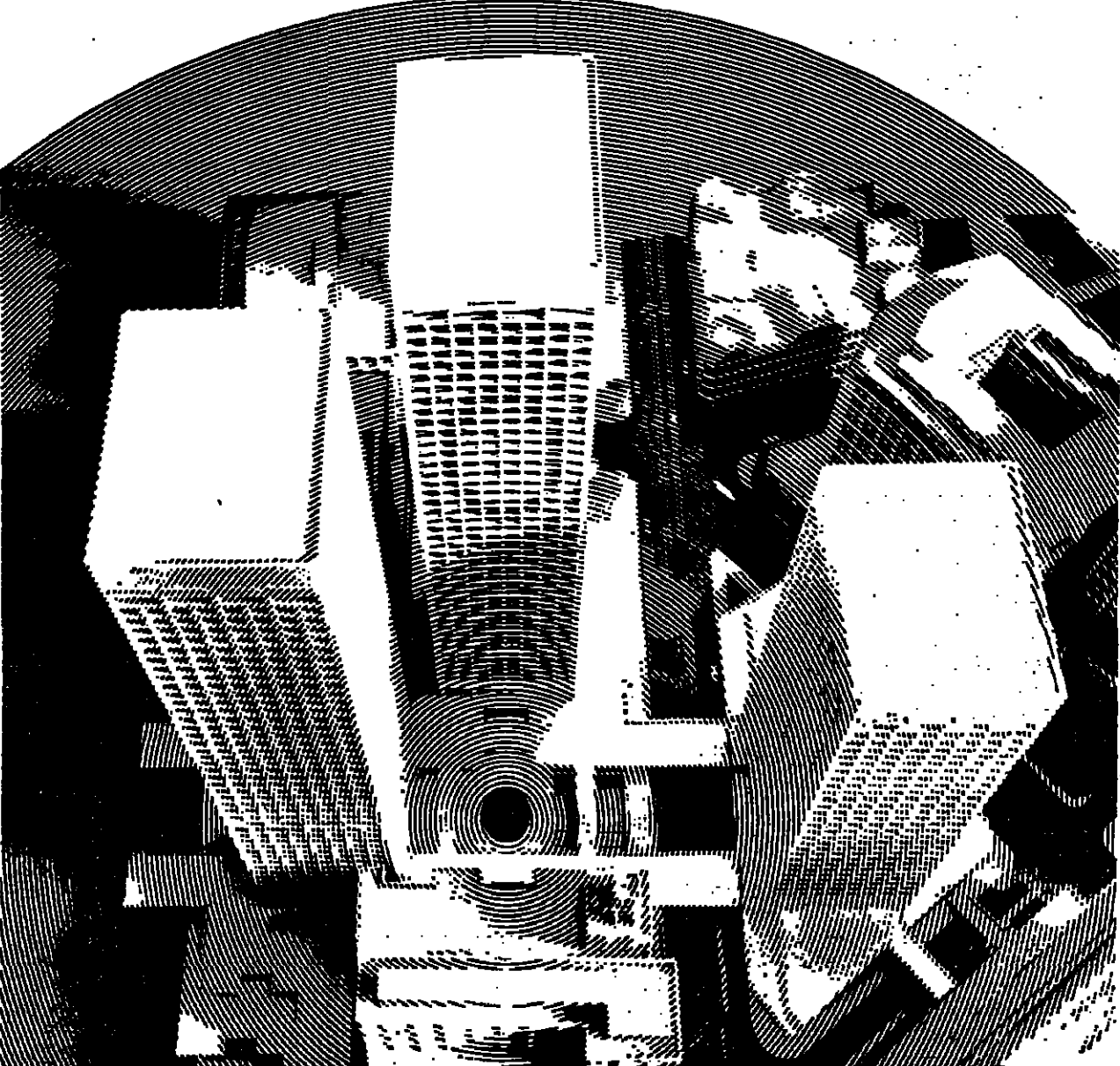
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Malcolm Surry
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Hong Kong's 74 licensed banks have one thing in common: they are all literally awash with cash. The latest figures, for June, show that the liquidity ratio stood at a record 48.26 per cent, and funds in savings accounts alone swelled to a record \$HK11,663m (\$6m approximately).

This situation, highlighted by the fairly constant 75 per cent rate for inter-bank overdrafts, has been a cause of concern to the colony's prime lending to industry—effectively by the exchange bank, the Hongkong and Shanghai Banking Corporation and the Chartered Bank—stands at a record 48.26 per cent. The money, business activity in Hong Kong for the past nine months has been at such a level that the demand for funds is not there, not from the banks, not from the government, and not from the private sector. The money is being hoarded by the banks, who are being forced to raise rates to attract deposits. The money is being hoarded by the banks, who are being forced to raise rates to attract deposits. The money is being hoarded by the banks, who are being forced to raise rates to attract deposits.

effort to persuade the Government to scrap the 15 per cent withholding tax on spread more thinly. The government bond issue could smooth the way towards the establishment of a fixed interest market locally to suit company requirements.

Jardine Fleming carried out the first such operation when it raised the equivalent of £11m for the Hong Kong and Kowloon wharf concern in April with an issue of 10-year convertible loan stock at 8 per cent.

A combination of funding requirements as well as those of the Government over the next few years could produce a completely new role for the colony's banks.

The obvious example to illustrate how individual banks are faring is the Hongkong and Shanghai Banking Corporation, which in turn controls the Hong Kong Bank and the mercantile locally, and numbers among its overseas subsidiaries the British Bank of the Middle East and the Hongkong Bank of California.

The asking price for control of banks with licences was said to be anything up to £2m for goodwill, but there were no takers at this level. The embargo is now called a moratorium, but the only exception made has been for Barclays Bank International, which gained a licence in 1972.

Barclays is entitled to operate a full range of services, and does offer current account facilities, but the emphasis is very firmly on wholesale banking. Hongkong now offers one banking branch for every 7,000 of the population and that is probably quite enough even for such a moneyed town.

The Hongkong and Shanghai Electric, had its properties professionally revalued in an announcement that threw up a surplus of some £75m over book values at almost £150m.

Part of the company's land bank is a 68,000 sq ft commercial/industrial sized project at Fortress Hill on Hong Kong Island which is to be developed jointly with the ubiquitous Hongkong Land concern.

Hong Kong Land has embarked on several schemes in recent weeks indicating a strong long-term conviction in the good sense of developing property at the higher end of the domestic market now. The picture for office rentals in the colony is not showing some signs of a little by number of complex factors. Prime office space in the Central district can be had for less than 90p a sq ft and the ferocious squeeze has been alleviated by the construction of several new office buildings.

Under a £50m scheme, embarked on once more by Hongkong Land, a 32-storey office block will be completed in the middle of the business area on the site of the old Alexander House by the beginning of next year. Another 45-storey office and third are to be erected close by. It looks as if the skyline of the colony viewed from the harbour will radically change again before the turn of the decade.

If the slack in the Hong Kong economy is picked up which is in turn very dependent on the United States and the EEC, ample office accommodation will be available in what is known as Central—at a price. But there is another factor in the equation. Recent official statistics show that private sector housing completions were likely to slump to some 12,000 in 1976 from a maximum 23,700 units in 1973. (For practical purposes in Hong Kong housing means apartments because detached houses are so few that their pricing structure has little impact except on the very wealthy.)

In an effort to combat this malaise, the Government has just exempted from rent control private flats built between 1973 and the end of 1977. Premises completed by the end of 1977 are guaranteed five-year exemption from any additional rent freezes.

This is expected to have the dual effect of stimulating new domestic building to a certain degree and encouraging property investors to buy apartments to lease out almost to a halt last year. In recent weeks the stock market movement of shares like Sun Hung Kai Properties and Hopewell Holdings has reinforced a belief that the amber signal at least is shining for developers in the domestic sphere.

Advice for expatriates moving into the colony with British or other foreign companies would be to clinch a three-year lease fairly soon if possible. Even in the current conditions, a comparatively modest three-bedroom apartment in the geographical mid-levels of Hong Kong Island—broadly speaking the higher you go the more you pay, with the super-bracket on the Peak—will still cost more than £300 a month.

In the absence of a great many properties changing hands, it is difficult to be specific about current values. A clue was just provided in the course of a takeover battle between two local utilities, Hongkong Electric and Hongkong Gas. The

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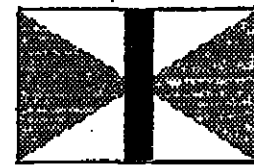
Hong Kong Air Terminal Services handle all passenger baggage and freight in and out of Kai Tak. 1000 aircraft movements each week require the control and utilisation of over 800 pieces of equipment, ranging from concourse coaches to automatic ramp units.

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Focus

Research by Susan Morgan

Visible trade, 1969-1974

	1969	1970	Twelve months: 1971	1972	1973	1974	First nine months: 1972	1973	1974
Domestic exports	10,518	12,347	13,750	15,245	19,474	22,912	11,201	13,680	17,745
Reexports	2,679	2,892	3,414	4,154	6,525	7,124	2,954	4,503	6,510
Total exports	13,197	15,239	17,164	19,399	25,999	30,036	14,155	18,183	23,255
Imports	14,893	17,607	20,256	21,764	28,005	34,120	15,969	19,896	28,551
Trade deficit	1,696	2,368	3,092	2,365	3,006	4,084	1,813	1,713	3,296

Government sources

Domestic exports by selected commodity and commodity group, 1969-74

	1969	1970	Twelve months: 1971	1972	1973	1974	First nine months: 1972	1973	1974
Clothing	3,828	4,337	5,464	6,113	7,454	8,222	5,387	6,961	8,661
Textiles	1,126	1,277	1,398	1,552	2,352	2,114	1,487	2,217	2,217
Plastic toys and dolls	771	872	1,031	1,133	1,318	826	985	1,184	1,184
Artificial flowers	356	416	354	418	479	312	358	294	294
Transistorized radios	472	549	712	919	1,148	649	818	1,007	1,007
Electronic components	260	434	510	555	787	398	542	663	663
Manufacturers of metal	292	345	345	415	521	303	362	493	493
Jewelry and goldsmiths' and silversmiths' wares	132	184	217	262	422	176	287	364	364
Travel goods, handbags and similar articles	143	175	228	302	405	208	286	342	342
Watches and clocks	108	135	175	202	293	147	193	264	264
Footwear	285	302	351	304	266	234	186	223	223
Wigs	647	937	827	224	104	183	90	35	35

(A)	3,440	9,963	11,312	12,399	15,549	9,173	10,971	13,847	13,847
Total domestic exports (B)	10,518	12,347	13,750	15,245	19,474	11,201	13,680	17,745	17,745

(A) as a percentage of (B) 80.2 80.7 82.3 81.3 79.8 81.9 80.2 78.6

Government sources

Domestic exports to Hongkong's seven largest markets, 1969-1974

	1969	1970	Twelve months: 1971	1972	1973	1974	First nine months: 1972	1973	1974
United States	4,428	5,190	5,708	6,125	6,825	4,527	4,999	5,907	5,907
United Kingdom	1,465	1,481	1,946	2,195	2,814	1,586	1,896	2,140	2,140
West Germany	765	985	1,128	1,525	1,902	1,161	1,386	1,778	1,778
Australia	286	359	402	445	771	326	482	1,024	1,024
Japan	355	492	484	480	1,065	335	723	821	821
Singapore	228	280	332	350	536	239	367	473	473
Canada	352	369	484	501	512	389	383	472	472

Domestic exports to all countries (A)	7,879	9,176	10,484	11,621	14,425	8,563	10,236	12,615	12,615
(B)	10,518	12,347	13,750	15,245	19,474	11,201	13,680	17,745	17,745

(A) as a percentage of (B) 74.9 74.3 76.2 76.2 74.1 76.4 74.8 71.1

Training

The majority of the skilled and semi-skilled labour in up on 1972 figures. In March, Hongkong is trained by industry on the shop floor. Technical education at technician level is provided by the University of Hong Kong and to a smaller extent by the Hong Kong Polytechnic and the Chinese University of Hong Kong.

Education at technician level is provided both by the polytechnic and to a lesser degree by the Morrison Hill Technical Institute. Craft level technical education is provided only by the Morrison Hill Technical Institute. Management courses for different grades of managerial staff are run by the university, the polytechnic, the Hongkong Productivity Centre and the Hongkong Management Association.

A permanent Hongkong Training Council was set up in 1973. Its aim is to gear a system of training to the industrial, commercial and service sectors of Hongkong's economy. Five committees work under the training council, each made up of members from employers' associations, educational authorities and government departments.

In addition to the Morrison Hill Technical Institute, two further technical institutes have been built at Kwai Chung and Kwun Tong. A further two are expected to be built by 1976 and 1977. The Hongkong Technical Teachers' College has been in operation since 1973.

The total number of registered apprentices attending various part-time day-release courses in all trades was 1,300 at the beginning of the

1973-74 session, 30 per cent up on 1972 figures. In March, 1974, the enrolment in technical and vocational schools offering courses leading to a certificate of education was 11,240.

The grand total of enrolment in technical and vocational courses of all types in March, 1974 was 58,101. Full and part-time students being trained as technical teachers and workshop instructors was 145 in March, 1974.

Establishments and employment in manufacturing industry by establishment size group

Size group (number of employees)	Aug 1971		Dec 1973		Aug 1971		Dec 1973	
	Number	% of total	Number	% of total	Number	% of total	Number	% of total
1-9	16,391	62.7	18,414	65.6	77,709	11.6	75,628	11.6
10-19	4,520	17.3	4,450	15.9	59,796	8.9	60,085	8.9
20-49	2,854	10.9	2,826	10.1	87,110	13.0	86,124	13.0
50-99	1,228	4.7	1,251	4.5	84,383	12.6	86,784	12.6
100-499	1,007	3.9	999	3.6	201,474	30.0	192,340	30.0
500-999	91	0.3	89	0.3	60,106	9.0	62,114	9.0
1,000 and over	58	0.2	39	0.1	100,730	15.0	61,317	9.0

Government sources

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The shareholders in UBAN comprise nine major Arab banks and five leading Japanese banks in addition to U.B.A.F. France.

Shipping

Container ships began to arrive in Hongkong late in 1972 after the opening of the Kwai Chung container terminals in September. Within a year about 70 per cent of Hongkong's cargo for the United Kingdom and the north Continent was moved to containers; this proportion has now risen to 80-90 per cent. The ships carry about 2,000 containers on each trip.

Huge container freight stations were provided at Hongkong, where small shippers' exports could be consolidated into full container loads. Thus, large European importers can buy from many small suppliers in Hongkong and still receive in full (full container load quantities). More than half of Hongkong's exports arrive at their destination in this way.

Hongkong traffic to Europe (including Europe, the Mediterranean and Africa, but excluding the Gulf of Aden and the Red Sea)	1972 1,300,000 metric tons
1973 1,500,000 "	
1974 1,300,000 "	
European traffic to Hongkong	1972 800,000 metric tons
1973 1,000,000 "	
1974 900,000 "	
Average of containerized cargo	Westbound 80-90 per cent
Eastbound 70-80 "	

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ASIAC

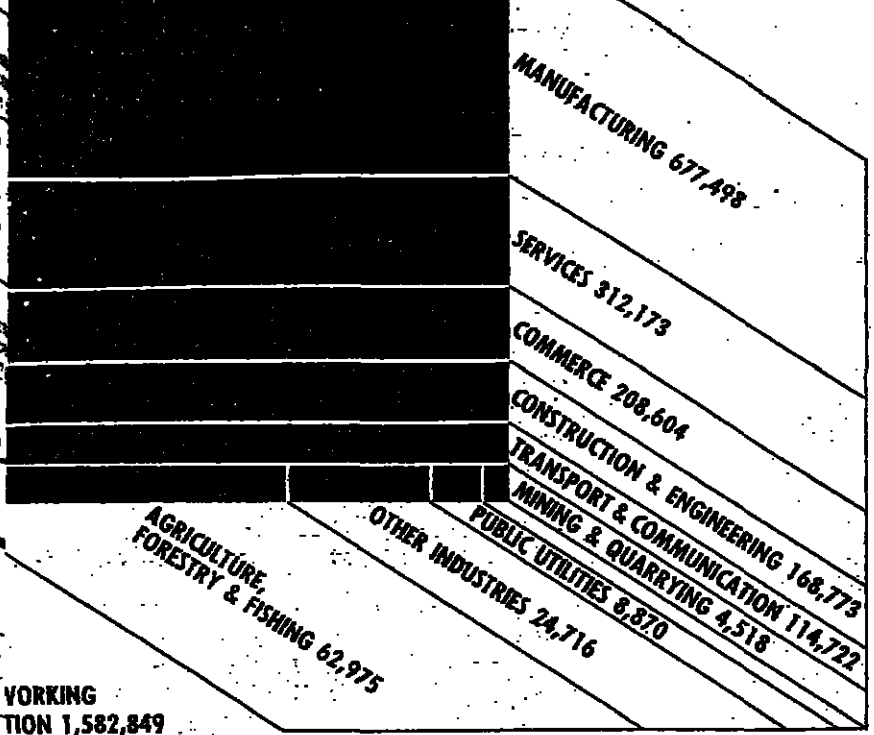
Asian International
Acceptances & Capital Limited,
1301 Hutchison House, Hong Kong
Tel: 5-259206
Cable: ACCAP

Focus

General

is situated off the coast of China, the province of Guangdong. It is the largest natural harbour in the world. The area of the colony is 17 sq miles. It is almost entirely landlocked, and can accommodate moderate ships drawing up to 12 metres. Much of the New Territories is mountainous and sparsely populated but the Kowloon peninsula is densely populated. The New Territories have been leased by China to Britain until 1997. Hong Kong island was ceded in 1842 and the Kowloon peninsula in 1860. The phenomenal population growth rate of Hong Kong has been swelled by an influx of Chinese from the mainland (many come illegally) as well as by natural population increase. The census of June 1973, estimated the population at 4,159,900. This is more than double the 1949 population figure of 1,850,000.

EMPLOYMENT IN 1971



Growth on the gross domestic product, 1969-74					
At current market prices		At constant (1966) market prices		At constant (1966) market prices	
Total gdp	Per capita gdp	Total gdp	Per capita gdp	Total gdp	Per capita gdp
\$ (m)	% change on previous year	\$ (m)	% change on previous year	\$ (m)	% change on previous year
15,499	—	4,011	—	14,305	—
18,501	19.4	4,673	16.5	15,199	6.2
20,829	12.6	5,149	10.2	15,674	3.1
24,047	15.4	5,896	14.5	16,813	7.3
30,240	25.8	7,269	23.3	18,912	12.5
34,066	12.7	8,018	10.3	19,198	1.5

Primary estimates			
† forecasts			
Government sources			
own by industry (at June 30, 1975)			
Industry	Investment (excl HK interest) (HK\$ m)	No of establishments	No of employees
Textiles	588.3 (35.4%)	56	24,178
	229.0 (13.8%)	84	11,078
Electronics	180.0 (10.8%)	17	5,042
Chemicals	100.6 (6.0%)	12	4,053
Food products	96.5 (5.8%)	11	639
Other products	61.5 (3.7%)	8	1,182
Printing and publishing	59.9 (3.6%)	6	1,593
Manufactures	57.8 (3.5%)	7	4,262
Trade and construction	51.9 (3.1%)	4	333
Real estate	49.7 (3.0%)	12	1,434
Products	45.9 (2.8%)	4	888
Printing, extrusion	141.8 (8.5%)	49	3,224
Manufactures	1,662.9 (100%)	250	57,846

number of establishments should be 250. The discrepancy reflects the facts that companies are joint ventures involving more than one overseas interest. Hong Kong Government

More inter-Asia container services expected to run

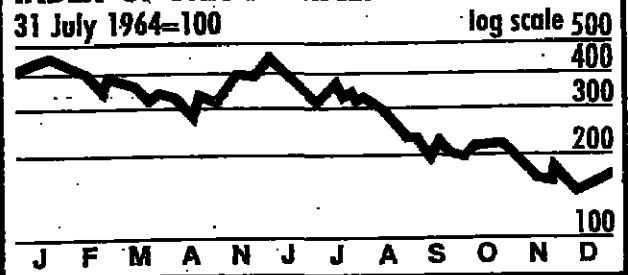
Modern Terminals, is operated by Modern Terminals. This is a consortium headed by the Trio line whose other shareholders are the Hongkong and Shanghai Banking Corporation, the Kaohsiung Marine Insurance Co., the Swiss Group and Hutchison International. Modern Terminals' managing director, Mr Derek Lygo, a Briton, is the most vocal spokesman for rapid container expansion. He reports that the berth is doing "cracking business" and makes no secret of his ambitions to get more space at Kwai Chung. Berth number two is rumoured to be up for sale and is the centre of all manner of speculation and intrigue. Number two is operated by Kowloon Container Wharves, a private Japanese venture controlled by Mr T. Oyama, whose company shipping group recently petitioned in Tokyo courts for protection against its creditors and has a question mark hanging over its 221,000-ton fleet of 34 ships. Berth number three is owned and operated by the Sealand group, which keeps its own counsel to a large degree. Next door a 43-acre site is under construction which will become berth number four with its first 1,000-ft quay ready for vessels probably early in 1976. The owner, Hongkong International Terminals (HIT)—a joint venture between Hongkong and Whampoa Docks and China Provident—has also been allocated what will become berth number six. HIT's ambition is to co-ordinate the services offered by its associates North Point Wharves, Whampoa Terminals and Whampoa Transport, eventually offering customers a complete range of transport, consolidation and container handling possibly unrivalled in Asia. The HIT general manager, Mr John Meredith, has just reported that dredging of the approach channels to number four have been completed and construction has started on the second 1,900-ft quay. He regards prospects as extremely promising and reports that traffic at HIT's existing conventional Hong Kong facility is the highest since operations started in 1969. Berth number five is also under construction and is expected to open by the middle of next year. MTL has a 51 per cent stake and the balance is held by the Hongkong and Whampoa Dock Co. Recently the Japanese SK Line signed a long-term agreement with Modern Terminals for the use of berth number five. SK Line, together with the Toyo Line, will be operating a direct Hong Kong-Japan fully cellularized container service, initially using three vessels offering a five-day service, starting on October 5. The hope is that over the next two years Japan will become fully containerized on the Hong Kong run. Other inter-Asia services, including those serving the Philippines, are expected to follow. Nobody is bold enough to suggest that Kwai Chung will reach full capacity on container trade until at least 1980, and there is no lack of skirmishing for business as a result. One big prize being dangled before the container operators is what the local South China Morning Post described as the "ace in the hole". This is the final decision, due shortly from the newly created ACE consortium, on which berthing facilities around Asia it will use for its proposed pool container service from the region to Europe. The important consortium is made up of Franco-Belgium Services, comprising continued on next page

Abbreviated consolidated statement of banks' liabilities and assets*, 1969-74 (\$m)

	1969	End of year position:	1970	1971	1972	1973	1974
Liabilities							
Deposits	(A) 12,297	14,955	18,785	24,613	26,191	30,998	
Balances due to banks abroad	1,845	2,212	3,000	5,428	8,911	15,460	
Other liabilities†	(B) 14,142	17,167	21,785	30,041	35,102	46,458	
	2,385	2,818	3,070	4,122	5,148	6,803	
Total liabilities	16,527	19,985	24,855	34,163	40,250	53,261	
Assets							
Specified liquid assets‡	(C) 6,301	7,475	9,583	10,696	10,442	14,040	
Advances and loans	(D) 7,884	9,870	11,836	17,728	23,263	28,549	
Within Hong Kong	7,680	9,271	11,197	16,829	21,578	23,594	
Outside Hong Kong	204	399	639	1,097	1,685	5,955	
Other assets	2,342	2,840	3,436	5,741	6,545	9,872	
Total assets	16,527	19,985	24,855	34,163	40,250	53,261	
Ratios:							
(C) as a percentage of (A)	51.2	50.0	51.0	43.5	39.9	45.3	
(D) as a percentage of (A)	64.1	64.7	63.0	72.0	88.8	95.3	
(D) as a percentage of (B)	55.7	55.3	54.3	59.0	66.3	63.6	
Average specified liquid assets for month as a percentage of deposits at end of previous month§	51.7	50.5	52.5	46.0	40.4	44.9	

* excluding inter-bank balances within Hong Kong.
† Including legal tender notes issued by the banks, net of certificates of indebtedness issued under section 4 of the exchange fund ordinance.
‡ Defined in section 18 of the banking ordinance.
§ Individual banks are required under section 18 of the banking ordinance to maintain this ratio at not less than 25 per cent.
Government sources

INDEX OF SHARE PRICES IN 1974



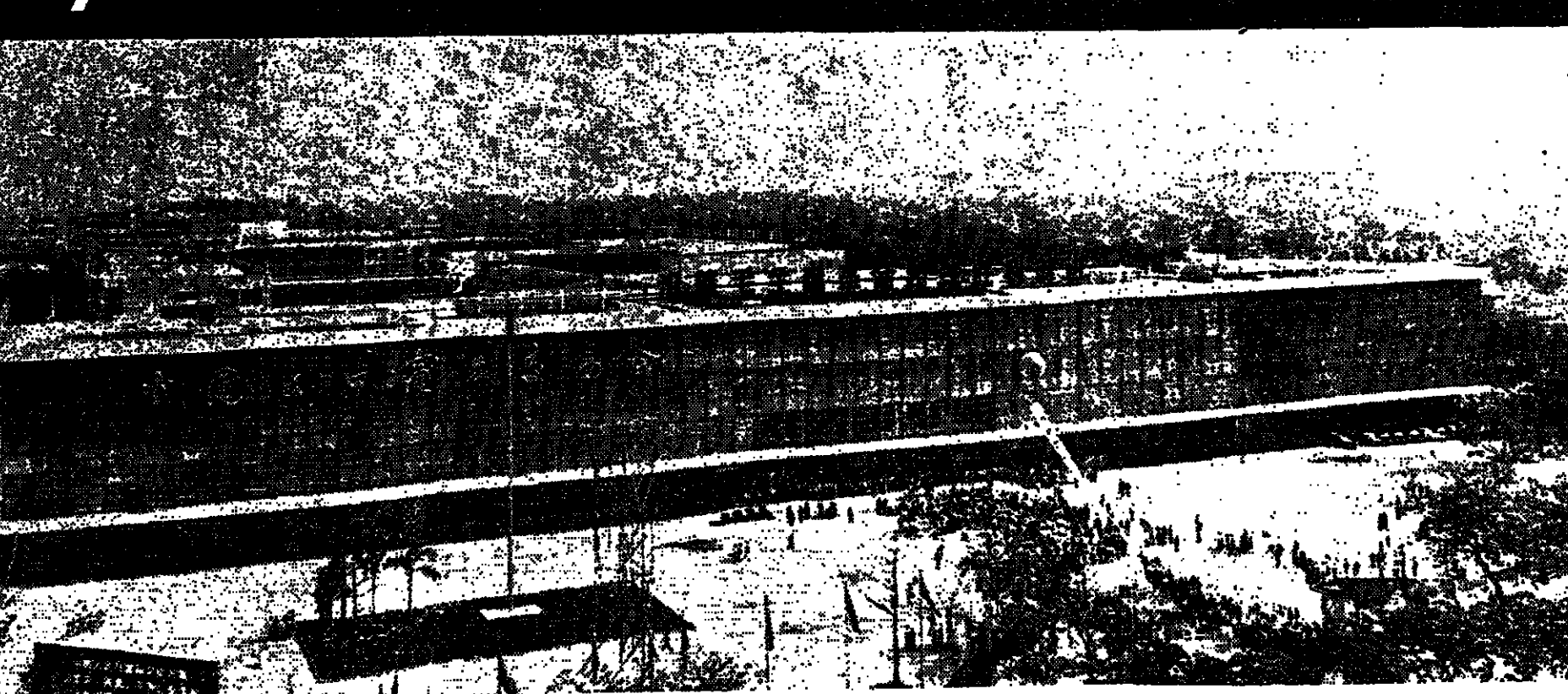
Estimated financial position at March 31 1975

	\$	\$	\$
Excess of assets over liabilities on March 31 1974			2,808,751,445
Revised estimate of revenue 1974-75:			
Recurrent	5,540,659,000		
Capital	442,621,000	5,983,280,000	
Revised estimate of expenditure 1974-75:			
Recurrent	4,480,628,000		
Capital	1,972,608,000	6,453,236,000	469,956,000
Estimated deficit 1974-75			2,338,795,445
Estimated excess of assets over liabilities on March 31 1975			
Estimated revenue 1975-76:			
Recurrent	5,754,620,000		
Capital	429,380,000	6,184,010,000	
Estimated expenditure 1975-76:			
Recurrent	4,618,244,000		
Capital	1,897,150,000	6,515,394,000	431,384,000
Estimated deficit 1975-76			1,907,411,445
Estimated excess of assets over liabilities on March 31 1975			

General consumer price index, 1970-1974

	1970	1971	All items	1972	1973	1974	1970	1971	1972	1973	1974
Jan	121	131	135	144	179	135	151	157	166	223	223
Feb	122	128	136	152	183	137	147	158	180	231	231
Mar	125	129	133	154	187	142	147	152	183	235	235
Apr	122	126	133	154	185	137	141	150	182	226	226
May	125	128	136	157	185	141	144	160	188	226	226
June	126	132	142	164	188	144	154	167	200	232	232
July	130	137	142	176	187	152	162	166	224	229	229
Aug	133	134	143	181	187	159	157	169	232	229	229
Sept	133	132	140	177	194	158	151	161	222	241	241
Oct	129	130	143	169	196	149	147	167	206	246	246
Nov	126	131	143	170	187	143	149	165	207	227	227

CHINA TRADE: the latest developments by Hutchison International.



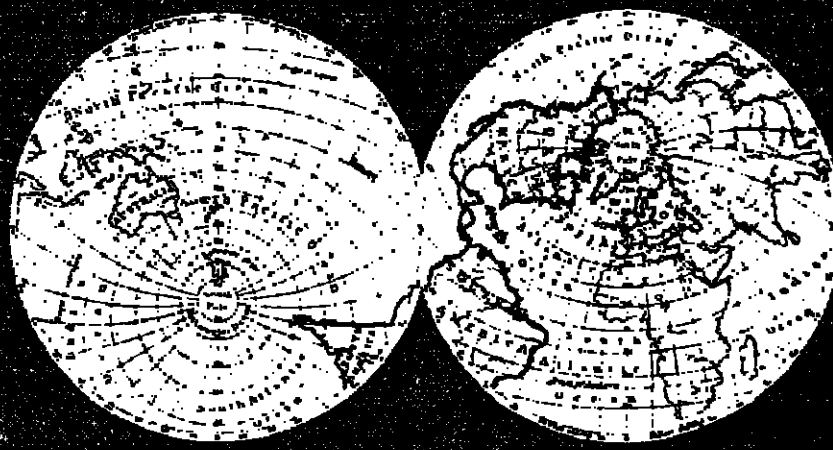
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Market with a reputation to live down

by Malcolm Surry

Mr Robert Valentine, the managing director of Rothschild's in Hongkong, recently observed of the local stock market: "A long-term investment in Hongkong is one which lasts over the weekend and is not interrupted by the need for funds at the race track."

The merchant banker's remark was undoubtedly made tongue-in-cheek, but it neatly illustrates a reputation that the colony's securities market must overcome if it is to take its rightful and hard-earned place as the key investment centre in the Pacific Basin—acknowledged by almost everyone as a potentially explosive growth area over the next 10 years.

Confidence in future

The fact that share prices collapsed, brought down by an avalanche of forced selling and then trampled on by the oil crisis and a world recession that should by rights have crippled a territory so dependent on trading is, curiously, almost irrelevant.

The framework of the market with its 1,000 stock-brokers and four stock exchanges survived an experience that would have shattered any of its bigger counterparts.

Although few suggest that the market is geared for a boom on the proportions of the last one—bankers blanch at the notion—there are strong grounds for believing that the future for equities can be faced with confidence.

United Kingdom institutional investors, who retired baffled but beaming with an estimated £200m in profits creamed off well before the market cracked, are standing on each other's shoulders peering over the dollar premium barrier wondering wistfully if the once-in-a-lifetime phenomenon could be repeated.

Having reached a nadir of 150 in January this year, the Hang Seng index now stands just over 300. At this level, the leaders offer an average yield of 4.4 per cent.

Annoyingly in the eyes of many in Hongkong, the market revival in the first quarter of the year owed almost everything to London sentiment with Hongkong prices humiliated by the nose and the Hang Seng slavishly moving with the Financial Times index.

Any comparisons between the two markets must start with the knowledge of the Hongkong tax base. Company tax, although raised in the last budget, stands at only 16.5 per cent. Salary earners pay a ceiling of 15 per cent and nobody has seriously suggested the faintest possibility of a capital gains tax.

With consolidated accounts only just becoming fashionable now and not yet a legal requirement, seemingly stiff price/earnings yardsticks tell only part of the story.

An unexplained form of dividend tax has been mooted by Mr Philip Haddad-Cave, the colony's Financial Secretary, for inclusion in his budget next year. However, the indications so far are that it would replace the modest increase in corporate tax—and it has not been a bearish point brought up by stockbrokers.

The fact that share prices have moved sideways for many weeks, a highly unusual pattern for the local market, demonstrates a degree of skill shown by investors which encourages a hard look at Hongkong long term.

The factors keeping a firm lid on things at the moment can be briefly summarized. Although liquidity in the colony is the highest ever—more than 48 per cent according to latest figures from the banking system—local sources show a marked disinclination to use the money.

Quite a lot of cash has gone out into the Euro-currency market, normally on a three- or six-month basis because rates there are three full points over Hongkong's present deposit levels. Unlike funds placed offshore, these are subject to a 15 per cent withholding tax.

The "best lending" or prime rate set by the leading banks for industrial borrowers is 6.5 per cent—but industrialists are still not convinced enough by the recent upward movement in overseas orders to make firm commitments on capital spending.

The colony's June trade figures showed a 9.5 per cent fall in exports by value and a 16.6 per cent decline in imports, with the latter figures a vital yardstick to the confidence many manufacturers processing raw materials.

However, the figures followed declines in May of 21 per cent and 22.7 per cent in the respective categories.

Furthermore, reports from the giant container terminals that handle 40 per cent of the cargo shipped suggest that the latter half of the year will see the long-promised upward movement in trade.

It seems fairly clear that the small investor will not return enthusiastically to equities until a definite sign of an upward movement is established on all fronts. Again, this is an encouraging sign for professionals who do not like to see their money go "up in the air" on short-lived booms.

One of the problems for a Hongkong-based financial writer is that hardly any overseas publications feel its readers are interested in the more serious aspects of the investment scene there. The great market stampede brought with it a fund of stories that were lapped up by readers abroad.

They split their sides laughing when the visitors' galleries of the colony's stock exchanges were closed by the fire brigade lest the floors should collapse and bowled with glee over the true anecdote of the Hongkong beggar who was arrested with five gold fingers in his possession, who told the magistrate he was following the progress of share prices on the pavement with his transistor radio.

Answer in dollars

More sinister were the knowing chuckles in London financial parlours when highly doubtful companies, literally boasting assets of a couple of flats and a bath tub, were floated off at the peak of the boom at premiums of 500 per cent and 600 per cent to a gullible public.

All of this has to be lived down. But it is worth remembering that Hongkong's financial structure handled the avalanche without any big scandal—the brick-batting of London stockbrokers being "hammered" was only an echo there.

Perhaps the vague talk of "uncertainties" muttered by analysts scrutinizing companies in Hongkong is best answered in dollars and cents. Take the performance of Jardine Matheson and Company, one of the market leaders, over the past five years, during which the colony has experienced every vicissitude short of a big political upheaval.

In 1970 the company had 3,000 shareholders; today there are 30,000. Profits have grown 566 per cent from \$38m to \$215m; the dividend has well over 400 per cent to 63 cents a share and gross assets have climbed from \$285m to \$2,671m.

The figures are in Hongkong dollars (the conversion rate is about \$11 to £1) to reflect another sign of the times—the growing financial independence of the colony.

The Hongkong dollar has been floating since November last year. But long before then it had been expressed in United States dollar terms and pegged for all practical purposes to the "greenback" rather than the pound.

Hongkong still has substantial sterling balances in London, but these have been and are continuing to be diversified as swiftly as prudence and the British Government permit.

It would be foolish to suggest that Hongkong is totally isolated from events in Britain—or would it wish to be. The most telling argument to support the continuing good working relationship between Hongkong and China is that the Union Jack flying over Government House offends no one.

The apparent willingness with which China made a more than token gesture of support with oil supplies in the worst of the crisis, the construction of a \$151,000m underground railway in the colony, representing an investment over 20 years, and the classic usefulness of the place as a source of foreign exchange for its neighbour, tell their own story.

Growing maturity for a securities market brings difficulties that are the opposite of isolation ones: the dependence on interest rate movements, and the continuing need for demand from international markets for product lines that have to be traded up in order to handle vigorous competition from areas like Taiwan and South Korea.

The signs for interest rates point quite clearly up and will continue to do so as economic recovery increases the demand for money. But comparative stability on the inflation front in Hongkong should mean that lenders will not need high rates to guarantee a return in real terms, so it is quite possible to conceive share prices rising along with interest rates.

The justification for claiming that the Hongkong stock market will offer solid rewards faster than most other places—for those prepared to hurdle the dollar premium or the bigger fish with access to back-to-back loan finance—must rest on the colony's famed flexibility.

An increase in consumer spending in overseas markets, it is argued, is already showing up in the order books reaching to perhaps November.

If the question hanging over the United States economy is resolved in the right direction, the impact on the

colony's exporters will be swift and dramatic—swiftly spilling over into the whole economy.

It is perhaps difficult for readers to begin to understand that the colony's claim to "spin on a dime" can be demonstrated yet again. On the considerable plus side is the fact that Hongkong's labour force is almost entirely strike-free—agreed fragmentation of some industries plays a part there and that is a future problem to be solved.

Even more incredibly in overseas eyes there have been plenty of examples (not reflected in inadequate government statistics) of workers in the colony accepting wage cuts during the recession in a demonstration of oriental patience, waiting for the ball to bounce back in their favour.

Lessons learnt from boom

The bears, beginning to thin out in number, believe the recovery of the Hongkong stock market was based on the same factors applied by London and Wall Street—a recovery from the shambles last year and a discounting of better times in late 1975 and into 1976. As such, they say, the rise that has so far taken place is sufficient.

Although history is not an arbiter, the most logical sequence of events is that the next bull market impulse will be a sharp one.

The lessons learnt during the boom and bust failure have brought a number of developments that certain entrepreneurs would rather have done without.

Principal among these is a newly-hatched Securities Exchange Commission, a number of long overdue, and not particularly onerous pieces of legislation to protect investors and a takeover code that draws on London experience but is tailored to the rather special environment.

The latter has not yet been fully carried out on a voluntary basis. But the studios attention paid to its formation by merchant bankers like Jardine Fleming, Wardley, Kleinwort, Benson, Schroder, and Chartered, herald a belief that the regulations will have a real situation to control.

We have the word of Mr Valentine that "the market is going to see a series of acquisitions in the near future" and, while conceding the point that the colony's Happy Valley race track opens in October, investors there are likely to find more than equine sport in the coming months.

Faster future for millions of words

by Bill Kraitzer
focus editor, Far Eastern Economic Review

Hongkong's communications services, both domestic and international, are among the few things in the rapid, booming colony that make life bearable. The businessman suffers the vagaries of telephone services in Jakarta or Bangkok just once before offering fervent thanks for his wisdom in choosing Hongkong as his South-east Asian base.

The colony's internal telephone services are inexpensive and reliable, and on a telephone-per-head basis reach almost 25 per cent of the population of 4,500,000. Domestic and international postal facilities which already match standards of service offered in most advanced countries, will receive a further boost with the completion next April of a new General Post Office in the district of the Central business area.

As for international telecommunications, vital to a fast-moving manufacturing, trading and financial entity such as Hongkong—the services already provided will soon be further improved through the introduction of direct telephone dialling to important cities all over the world.

At present, using the international operator, 25 Hongkong residents can make calls simultaneously to London. However, calls must be booked, as delays can mean large sums won or lost for businessmen dealing, for example, in international foreign exchange markets, commodities or securities.

Twenty-five direct dialling circuits have been in operation between London and Hongkong for some time, and the number of calls in this direction is reported to have jumped by 70 per cent since the service was introduced.

International telecommunications services in Hongkong—and a good many international services as well—mean Cable and Wireless. The British government-controlled telecommunications giant works in the colony under a Hongkong government franchise.

What may be termed monopoly thinking has tended to stand in the way of public service on a couple of occasions in the past few years—like many other employers in Hongkong, Cable and Wireless has not been without labour problems but generally speaking the wide range of services offered is pretty difficult to fault.

Of all the facilities provided by Cable and Wireless in Hongkong, the international telex services have been expanding the most rapidly. Telex has the advantage of combining the immediacy of the telephone with the precision of the written word, and Hongkong's dynamic business community has been quicker than most to see its advantages.

In the year to the end of March 1975, overseas telex time in minutes totalled 6,200,000 compared with 4,600,000 for the previous 12-month period. Overseas inward telex time amounted to 7,300,000 minutes compared with four million. Further overseas transit telex time stood at

7,500,000 minutes compared with 1,700,000.

Perhaps even more significant, the number of telex subscribers in Hongkong leapt from 2,350 at March 31, 1974, to 3,417 at the end of March this year.

The rapid rise in demand for telex services—a demand now being met by two fully computerized electronic telex exchanges operated by Cable and Wireless—has to a certain extent come about at the expense of conventional overseas telegram services. In the 12 months to the end of March 1975, outward overseas telegrams numbered 1,200,000 compared with 1,400,000 in 1973-74. The number of incoming telegrams fell to 1,600,000 from 1,800,000. Transit telegram traffic, however, rose to 1,800,000 messages compared with 1,400,000.

Meanwhile, international telephone traffic, which will undoubtedly record a significant leap when direct dialling from Hongkong comes into operation, has been rising steadily. Outward overseas telephone time recorded for the 12 months to the end of March, 1975, totalled 10,600,000 minutes, compared with 9,400,000 minutes for 1973-74. For incoming calls the figures were 13,700,000 and 10,800,000.

To keep pace with rising demand the new Cable and Wireless international telephone exchange came into operation in August, 1973. With a capacity of 700 circuits using submarine cable, radio and satellite, the overseas facilities link in with Hongkong's domestic telephone system.

Like Cable and Wireless's Hongkong operation, the

domestic telephone run on an old basis. The company is the Hongkong Telephone Company, which charges for domestic revenues are set at an annual flat rate.

The company's revenue, however, has been serene in the past so. Faced with a shortage of about 70,000 lines in August last year, the following increases in charges effective from 1 January 1974 were: a 10 per cent rise in the rate for a 10-line installation from \$HK480 (up by 71 annual business) to \$HK410 to \$1 by 71 per cent) exchange line-rate from \$HK125 to \$1 by 76 per cent).

Faced with a push over the telephone proposals, the Government has set up a committee to study the operations, while a time approving a 10 per cent increase in annual charges and with fees paid by the Government.

The 30 per cent increase in March and the 10 per cent increase in August will reveal the true picture of the cost of a telephone line in Hongkong. In asking for a 7 per cent increase in rental which case Hong Kong would be to a 10 per cent increase in rental.

It may, however, be a reduction in the scale of the scale of char-

More inter-Asia container services may run

continued from previous page

Compagnie Maritime des Chargeurs Réunis of France with Compagnie Maritime Belge and Ahlers Line, Kawasaki Kisen Kaisha (the K Line) of Japan, Neptune Orion Lines from Singapore and Hongkong's own Orient Overseas Container Line, run by shipping magnate Mr C. Y. Tung.

The lines involved have committed eight fast new container vessels to the service. By the time they are all in operation towards the end of 1976, the consortium will provide weekly sailings to Britain, Scandinavia and northern Europe from ports in Japan, Hongkong, Korea, Taiwan, the Philippines, Singapore and West Malaysia.

Only one container berth in Hongkong will be chosen by ACE, hence the lobbying now going on between the operators. Shipping sources believe the new container-ship Seven Seas Bridge, now being fitted in Japan, will be the first ACE ship on the run, possibly even before the end of this year.

container men at the moment is who will get control of berth number two in a deal that might create a "king" of Kwai Chung. Kowloon Container Warehouse (KCW) insists that it is not for sale. It is capitalized at \$HK10.4m and has a \$105m loan outstanding to National and Grindlays bank.

The berthing facility, acknowledged to be a good one built for £12m in 1973, has 25 acres of land. Oyama (as it is sometimes called instead of KCW) lost the in-house Oyama feeder fleet as customers in the wake of the shipping company's financial troubles, and that represented one third of its business. The other users include ScanDutch and the K Line, which is reported to be in talks with the Japanese Government that might lead to some sort of salvage operation on the Oyama fleet and possibly touch on the future of berth number two.

The third user of the facility is the Russian PESCO line (Far Eastern Shipping Company) of Vladivostok that has been running con-

tinued for two years between the United States and Canadian West Coast ports and Japan and Hongkong.

The Russians are almost grudgingly admitted by other lines to be first class in seamanship—and acknowledged by the terminals as excellent and prompt payers in United States dollars.

Both MTL and HIT are known to be actively interested in buying all or part of berth number two. The understandable concern of the Japanese Government is to maintain a strong foothold in Hongkong's container facilities, and their determination is a force to be reckoned with. Nothing in the way of a change of control can be affected without the agreement of National and Grindlays, which effectively now holds the purse-strings.

The most likely solution will be a typically Hongkong one: a consortium formed among one or more of the terminal operators together with shipping lines to take over berth number two. Interestingly enough in this context, insiders believe the Russians United Kingdom

should not be entitled of the possible port.

Meanwhile claims far ahead the K operators are widening activities and just how lucrative more cake will be of course, on which some can demonstrate widely held feelings.

The second throughput of it only a tiny percent than the first quarterly figures—on the 1,000 box a week Europe—are at a rate leaving statistics far behind.

MTL's experience weeks underlines: ward swing in d the colony's go one: a trend confirmed by mo available air cargo This outweighs w are must regard a insiders believe the Russians United Kingdom

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*William Jardine. Born Lochmaben Dumfriesshire, Scotland, 24th February, 1784; died London, 27th February, 1843.

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DOWNWARD SPIRAL IN ULSTER

the downward spiral of in Northern Ireland and activity of political authorities in the face of it, it is an effort to remember that Government has a policy for violence in the short run. The was assembled after the ill of the Northern Ireland five fifteen months ago and autaneous abortion of the igdale agreement. It conf encouraging the elected natives of the people of rn Ireland to seek agree- among themselves about rangements for governing ovince. A vehicle was pro- in the Convention, which ected earlier this year. ing put the vehicle on the, he British Government pro- to interfere as little as e with the way it was. The Government's was to provide for public e arrangements. While the e carried out its own poli- cessment to administer, through the provincial rvice, and temporarily to any legislative business, Belfast, but in London, procedures of colonial e could never be much eance that the key to this would be found, that the ans of Northern Ireland when invited to do so in- arrangements. Politically, e to enough of them to e of settled coexistence by o allegiances. Nor can e much confidence now, h the course the Conven- as taken so far has been encouraging than was ed, by this newspaper at Given the course of British towards Ulster from 1968

to 1974, and given the state of opinion and working assumptions at Westminster, the policy deserved a try. And having deserved a try it now deserves to be allowed to run its course. The terminus is the report of the Convention, and that can be expected within two or three months.

A diminution of insurrectionary violence was a condition of success for the policy. And when Mr Marilyn Rees saw and took an opportunity to negotiate a ceasefire with the Provisional IRA in February, it looked as if that condition might be realized. It has not worked out that way. The vacuum (for so it seems to have been) left by the cessation of the Provisionals' campaign of murder, arson and explosions was filled by an intensifying sequence of religious sectarian murders. The Provisionals kept out of the most part, leaving the field to other murder gangs of Protestant and Catholic complexion. More recently, as the drums have rolled for the commemorative season of tribal wrongs, the mobs and the bombers have taken to the streets again, and this time the Provisionals have not stayed out of it.

The intensity of the criminal violence over the past months has made reference to the ceasefire (or "gentle" and sustained cessation of violence" the Secretary of State's phrase) a sick joke to the minds of many Ulstermen. Mr Rees's willingness to persevere in the procedures by which the ceasefire is given artificial respiration, one of which is the release of Provisional detainees from Long Kesh, hardens the suspicion, which comes easily to Ulster

Protestants, that he has done some secret political deal with the IRA.

There is no firm evidence to justify that suspicion, which is anyway inherently improbable, but the readiness with which it is believed has now come to threaten whatever chance of success the Government's Convention policy may have had. Protestant paramilitarists threaten to make war on the Catholic community if the Government will not make war on the IRA, while leaders of the elected Unionist coalition demand that the pretence of the ceasefire be abandoned. The Administration in Ulster is in danger of losing the acquiescence of the majority as it did in May 1974. And that would mean an end to any hope of improvement out of the present policy. Yet a resumption of warfare by and with the Provisionals would not only increase death and destruction in the province and probably in Great Britain, it too would put paid to any favourable outcome from the present policy. The necessary political compromises could not be reached against that background.

The best thing to do in these difficult circumstances is to concentrate on giving the policy which the Government has been pursuing for the past twelve months a chance to come to a conclusion in the Convention. That means trying to avert a catastrophic change in the level and elements of violence during the next two or three months; and that is probably best achieved by resisting demands for a sudden change in the role of the security forces.

Advanced train development

From Mr Anthony Smallhorn.

Sir, Anybody interested in the long term industrial future of this country must be horror struck by the article by Michael Baily (August 14) on the possible axing of British Rail's advanced passenger train (APT).

Successive governments appear to share the mistaken idea of underestimating the value of innovation and invention, or their use as long term industrial catalysts. The high-speed train (HST) must be regarded as the final development in the evolution started by Richard Trevithick, Watt and the Stephenson's. It is likely that the APT shows the way to the wider development of the system which will develop and the way used in Japan and similar developments requiring special permanent way are technological culs-de-sac.

The cost and value of APT cannot be measured as development expenditure plus £26m for three prototypes plus £60m for production. Historically APT may eventually be measured as the first example of a nationalized industry developing and producing a successful world beater which increases the value of the country by a factor a degree far more valuable than the actual cost. APT is built to aircraft principles, its aerodynamic efficiency may have spin off into automotive design, it will develop the new seating technology in usable areas to a degree which makes the spending on Concorde look stupid compared with the national industrial return.

No industrialized nation can afford to be without prestige projects. In the British Government and industry continuously fail to measure the value of these ventures on a national basis. Maybe it is time for a committee to be established to study and regulate the use and development of technology. APT is to industry in the United Kingdom as important a catalyst as the NASA space projects have been to industry in the United States. From the technological point of view the

LETTERS TO THE EDITOR

Government and socialism

From Mr. R. J. Silburn
Sir, Mr. Paul Foot (special article, August 1934) is concerned that the Labour Government are not applying socialist principles. Rather than accept that this is due to the impact of reality on honest, if misguided men, who have found with experience of office that socialist principles are unworkable, he would, he prefers to believe that the Government is the "helpless puppet of the great industrial and financial corporations". Yet these omnipotent corporations, who have governments in their power, are apparently unable to manage their own affairs, and in a paragraph are described as collapsed and gutted". He cites examples of gross mismanagement in private industry. He should know that all institutions are subject to human frailty and that socialist countries mismanagement is not unknown. The advantage of the market economy is that the fruits of mismanagement are gathered by the companies concerned, who must pay the losses. In a socialist system, a state-run concern merely passes the losses on to the taxpayer, and continues in the same old way.

"Socialism", we are told, "is about the movement of the energies and abilities of the masses." Is it? The inhabitants of what is now East Germany had energy and ability enough under capitalism, but under a socialist regime they have to be kept by armed guards and barbed wire.

The doctrine of state ownership of the means of production was developed in the late nineteenth century and achieved a dominant position in British political thought for most of this century. But apart from the "old believers" and the Lunnatic Left fringe it has few ardent supporters in 1975. It is now seen as a well meaning but flat-footed attempt by the state to take over all the functions of society, leading to mountains of legislation, armies of administrators, heavy taxation and over-centralized rule. The British people have had their bellyful of socialism. Like the supporters of the state, another historical dead end, its proponents will be with us for a long time, but it is equally a dying cause.

Paul Foot's last line gives the game away. The parliamentary road to socialism, he admits, is a blind alley. Socialism can now only be imposed on an unwilling people.

Yours sincerely
R. J. STILBURN,
10 Woodcote Hurst,
Epsom, Surrey.
August 15,

From Mr D. Nunn
Sir, Mr Paul Foot's article is certain to produce a lot of smoke and steam. However, in parts of his verbal confection there are a few real

Buying British

From Mr Peter McGregor
Sir, The problem of import competition is not so simple that mere exhortation to buy British will solve it.

It used to appear that those who bought foreign cars were those who did not have foreign competitors. I have only had British—and I mean BLMC—cars whether personally owned or provided by my employer. My only car was a Buick, but I was also sympathetic to the hard pressed management whose efforts to produce a competitive range of cars were constantly upset by their inability to get things done in time, and my sympathy was not unreciprocated. They deserve some congratulation for what they have done in the face of an environment of hostility unparalleled in the European countries. Instead of the constant criticism of the largely ignorant.

add that I am sufficiently unimpressed by the Ryder exercise for my loyalty to be disturbed, for perhaps the only way to prevent large sums of money being poured in to support people who do not seem prepared to help themselves is to ensure that there is no demand for their products? Figures for investment and productivity have been bandied about, but why do we not see the ones that might be significant? The production of the new Cowley plant which was presumably equipped to the latest standard?

Another problem is that of locating the British product. During the past year or two I have bought a number of items for my garden. I had no desire to buy foreign

- a lawn sweeper sold under the name of Allen of Oxford turned out to have been made in the United States (it stopped working after four months and is awaiting spare parts).
- an electric clipper sold by Wolf Tools turned out to have been made in Japan.
- a lawn mower sold by the British company Webb had an engine made in the United States (the mower cost more than my father's first car and I cannot ever ride on it).
- garden hosepipe now seems to come only from Germany, and I was offered two competitive makes from that country.

Suffering in Ethiopia

From Professor Edward Ullendorff
Sir, It is a pity that Mr Patrick Gilkes, in his profoundly committed piece on "the new socialist Ethiopia" (August 14), did not have prior sight of the letters by Messrs Lee, Blair Thomson, and Asfa Wossen Assrate, printed on the facing page, which refer to "the anarchic chaos, which the Derg's policies of terror, intimidation, assassination, and rape, did not inflict on a people still awaiting the freedom, security, justice and prosperity promised them by last year's revolution". This, I fear, is the deeply distressing reality in Ethiopia today where executions and vengeful persecution and ill-treatment of thousands of innocent civilians continue unabatedly.

In Portugal, a society more readily comprehensible to European

Code of advertising practice

From Mr. A. D. Woolf
Sir, The new Code of Practice for
cigarette advertising announced by
the Advertising Standards Authority
merits the humorous comments in
your leader (August 13) but merits
much more. What is now banned
from cigarette advertising is the
direct or indirect publication of a
pack of traditional lies; the highly
charged, psychologically refined
false implications of the benefits to
be derived from purchasing and con-
suming the advertiser's product.

Why should the banning of this
very expensive and profitable de-
ception of the public be limited to
cigarette advertising? The same
health, virility, social, sexual and
business success are offered as
reasons for purchasing tooth-rotting
confectionery, intoxicating liquors,
lead enriched petrol and almost any
other product you care to name. The
advertising industry's false promises
have merely been confirmed, in relation
to one product, the generally ac-
cepted deplorable standards of a de-
plorably and-social-but brilliantly
self-defensive industry. The lessons
should not go unnoticed.

Yours faithfully,
ANTHONY D. WOOLF,
24 Deepdene Road,
Denmark Hill, SE5.
August 14.

Squatters and the law

From the *Solicitor to the Metropolitan Police*

Sir, I refer to the letter from Mr. Gordon W. Quance on the subject of squatters and the law, which you published on August 15. May I make it clear that my letter which you published on August 6 was not intended as an exposition of the law on squatting, but as a refutation of a number of inaccurate and misleading statements which had been made about the attitude of the police towards squatters and which caused grave public disquiet.

I did not suggest that there was a distinction in law between the position of the owner or tenant of an occupied house temporarily absent and whose house is occupied by squatters and that of the owner of empty premises, but did intend to indicate that there is an important distinction in fact and in Metropolitan Police policy. The Commission has made it clear in a recent announcement to the press that the Metropolitan Police will have no hesitation in assisting the lawful occupiers of furnished residential premises to eject anyone in an unauthorized occupation of it.

Yours faithfully,
E. O. LANE,
Solicitor to the Metropolitan Police,
New Scotland Yard, SW1,
August 15.

Liverpool Street Station

From Sir John Betjeman
Sir, I agree with your correspondence of August 11 about the complications of finding the Underground stations and taxi ranks at Liverpool Street. But the righting of these wrongs need not involve the destruction of the present state of the grounds. As we know from the brochure published by the developers, the City skyline will be submerged in an enormous bulk of offices stretching from Broad Street to Bishopsgate. Under these as crushed and puzzled as they are arranged will be the passengers at Liverpool Street. If this grandiose scheme is realized.
Yours faithfully,
JOHN BETJEMAN,
29 Radnor Walk, SW3.
August 12,

Highgate Old Cemetery

From Mr Oliver Green
Sir, I would like to give my support to Mr John Gilroy's suggestion (August 7) that Highgate Old Cemetery be reopened to the public. By coincidence I visited Highgate with a colleague on the very day that Mr Gilroy's letter appeared, to photograph the Cemetery for the Museum of London. I received permission for this only after considerable difficulty and this was in marked contrast to the reception I received at Kensal Green Cemetery where every possible private company where every possible assistance and aid was given.

The problem at Highgate is that the graves and catacombs, many of which have GLC Grade 2 architectural listing, are overgrown and in a state of serious disrepair. In addition many having been vandalised. Nobody seems willing to take responsibility for any improvements at the moment while the cemetery is in the slow process of transfer to the London Council, who will no doubt usuallyly regard the Cemetery as a work in progress. In the meantime, if restoration work is not begun very soon it looks as though London's most impressive Victorian cemetery will only be seen by the public when only the horror films are shown on television.

Yours faithfully,
OLIVER GREEN,
91 Elgin Mansions,
Elgin Avenue, W9.
August 13.

Nocturnal bells

From Mr R. Johnson
Sir, While the Environmental Health Officers Association has every sympathy with your correspondents who have been complaining about being disturbed at night by faulty burglar alarms, the suggestion made by Mr Mervyn Bryn-Jones (August 15) that local authorities have legal powers to deal with this nuisance under a new abatement legislation, is extremely doubtful. We are glad to learn that he was able to secure relief from this noise through his own local authority, but the association would not like the impression to be given that this procedure will always provide a remedy.
Yours faithfully,
R. JOHNSON Secretary,
Environmental Health Officers Association,
19 Grosvenor Place, SW1
August 15.

L AGAINST ALL IN ANGOLA

colonial power, to resume control of a colony within months of the date set for independence is without precedent. A great pan-African outcry normally be expected. But this is an unprecedented case and Lisbon had little alternative but to announce that it resumed control "in the name of any functioning government." Its positioning of troops in Angola around this late date will extend very far, if it reinforces its 24,000 stationed by agreement in 1971. The neo-colonial administration has announced two aims: to the remaining 300,000 to flee out; and to continue pacification by ending the civil war between the three warring nationalist movements. It seems a forlorn hope. The Portuguese Army has withdrawn from outlying areas, and is even to escort the columns of fleeing to South-West Africa from Sa da Bandeira. As for the National Front, the National Union, and the National Union, back into the coalition government arranged seven years ago at the ill-starred meeting, that would seem probable, since the Popular Front (Dr Neto's MPLA) in Luanda, having forced withdrawal of the last of the National Front's garrison. So

ministers from the other two parties would exist solely under Portuguese protection.

Already Dr Neto has astutely used the Portuguese action to win another round in the propaganda war, by declaring that his ministers in the non-functioning government will stay in their offices and will refuse "to abdicate their historic responsibility to the Angolan people." Whether this is a unilateral declaration of independence is not clear, but it does assert for future generations the claim that the National Movement is the only true nationalism. It also publicly denounced talk of dividing Angola into three zones of influence, though this is manifestly happening, the real issue being the zonal frontiers.

The Popular Movement is fighting to hold Lobito, Angola's major port, vital to Zambia and Zaïre, second in political importance only to Luanda to support Dr Neto's claim to be sole heir to Portuguese rule. The other two parties have joined forces to deny Lobito to him. If they succeed, they might then fall out, but as the National Front holds the North West of Angola and Unita's strength is in the south, divided by Popular Movement territory, an ad hoc alliance is more likely.

The Portuguese plan was to hold elections for an indepen-

dence government in which the three parties would be represented according to their electoral support and to which power could be transferred. Elections being manifestly impossible, the question will arise to whom will Portugal formally hand over power on November 11—for that party, however embattled with the other two, will then claim international recognition, relegating the others to rebel status. If Dr Neto controls the capital and the coast, he may hope to be in such legal possession after November 11.

The alternative would be for Lisbon to postpone independence. That would upset African opinion, for there is something sacred about the day of liberation from white rule, no matter what misfortunes supervene the day after. This might prove the heroic remedy, uniting the three against imperialism, but it seems unlikely. The strange irony is that in the history of decolonization the only metropolitan government to be in such a fix is a Marxist one. If Lisbon can get the whites out by then, it may be tempted to emulate de Gaulle in Guinée or the British in Palestine in 1949—take to the ships and leave events to take their course.

TRACKING THE NEWS AT TRANSPORT HOUSE

lumsy intervention of Mr. Clark, publicity director of the Labour Party, in the dispute the *Birmingham Post* and *Mail* turned a routine industrial dispute into a battle about freedom of the press. That it should have been his intention; that he has been the effect.

On the beginning of July 2400 of the National Union of Journalists employed at the *Post and Mail* were dismissed for taking part in industrial action in support of a pay claim. The dismissed journalists picketed; a few were even arrested after scuffles with other workers who crossed their picket line. Although no party settlement seemed to be in sight, talks between the two sides and with the Advisory Conciliation and Arbitration Service were still going on. Until Mr. Clark's intervention it was a routine industrial dispute.

He has told the *Post and Mail* they could not expect to have the normal press facilities for the Labour Party conference in north because, he claimed, the facilities were limited to

members of the NUJ—which may have been intended to strengthen the journalists in their dispute with the newspaper management. Now it seems that Mr Clark is attempting to persuade the Press Association to deprive the *Birmingham Post and Mail* of all Labour Party news.

An experienced director of publicity, such as Mr Clark is, can hardly be blind to the interpretation that will inevitably be placed on his intervention, that it has serious implications for the freedom of the press. It is unlikely to help the Birmingham journalists because their dispute about pay will be submerged in a wave of protests about interference with freedom of communication. Nor is it likely to reassure those Labour MPs who have private doubts about Mr Michael Foot's labour relations Bill which comes back to the Commons after the summer recess when the important amendments made by the House of Lords will have to be considered.

Both parts of Mr Clark's intervention in the Birmingham dispute have disturbing implica-

tions. In practice the Labour Party has never confined the allocation of credentials at the party conference to NUJ members, although the existence of such a "house rule" may have been a useful excuse with which to answer applications for credentials from minor publications for which there was no room. The danger is that the rule may have been, so widely publicized in the past few days that Mr Clark will now feel obliged to observe it—to the detriment of the reputation of the Labour Party and the proper coverage of its conference by press and television.

The second prong of Mr Clark's intervention is his attempt to cut off the *Birmingham Post and Mail* from the flow of 'Labour' Party news. He appears to hold the view beloved by eighteenth-century Parliamentarians that he who makes the news has some proprietorial interest in such news. The rôle in which he casts the Press Association for this charade is one which it should have no difficulty in rejecting out of hand.

Drugs for depression

From Dr. J. Durham and Dr J. Spencer-Peet

Sir, May we draw your attention to misleading statements in your report of August 5 ("New hope for sufferers of recurrent depression")? The report implies that Lithium and Amitriptyline are new developments in the treatment and prophylaxis of depressive illness. In fact, both have been shown to be effective in many previous trials. In particular, Lithium has been used in treatment of manic depressive conditions for more than 25 years, and Amitripty-

The repetition of clinical investigations with or without refinement of techniques is of course a necessary part of clinical research; and the reported trial will no doubt be of great value, not only in confirming the therapeutic and prophylactic effect of these drugs, but in refining the indications for their use. However, it is misleading to report such work as if it yielded fundamentally new findings. Many thousands of patients who have had this treatment over the last 10 years or so might, from your report, conclude that it was a novel, "experimental" treatment which had been prescribed for them in the absence of proper knowledge of its usefulness.

Yours faithfully,
J. DURHAM,
J. SPENCER-PEET,
Eeling, Hammersmith and Hounslow
Area Health Authority (Teaching),
St Bernard's Hospital,
Uxbridge Road, Southall.

Employed youth
By Alec Dickson and
Don Hicks

We write to give our support to a plan made by Anthony Steen and Brittan (August 9) that the government should make resources available to voluntary groups to find tasks within the city of our unemployed school-leavers that there are countless jobs for management and maintenance of the environment and should be tackled by a kind that excites young people to know that numbers of social services departments and hospitals welcome the contribution of 16-year-olds. It is voluntary as could be seen with their prestige and supervision. It is surely probable that they become collectors rather than clients of the

If resources are made available either through a per-capita grant or in some other way we feel certain that voluntary agencies could help to meet this challenge.

Yours faithfully,
ALEC DICKSON, Hon Director,
Community Service Volunteers,
237 Penzance Road, NL
SIMON HICKS, Director,
British Trust for Conservation
Volunteers,
Zoological Gardens,
Regent's Park, NW1
August 16.

Jubilee celebrations

From Mr Roland Freeman
Sir, I is easy enough to misunder-
stand Mr Ilkay Harrington (August
14) because he shifts his ground so
quickly. My complaint (August 13)
was not about the Jubilee at all

and profitable success) but about Mr Harrington's idea for a Festival of London in 1977. It is hardly conceivable that such a festival, given the terms in which it was proposed, would involve no public expenditure by the GLC.

However, just to shut the stable door before the horse bolts, I have tabled a question for the next Council meeting asking Mr Harrington, as a matter of Policy and Finance, to undertake that no expenditure will be incurred by the Council on a festival or indeed on any other celebrations in 1977.

Ceremony is a proper function for the monarchy, but the time has come to put a stop to municipal pretensions in this direction.

Yours sincerely,
ROLAND FREEMAN, GLC Member for Finchley.
Members' Lobby,
The County Hall, SE1.

Old Broad Street, E.C.2.	
1974	1973
£000's	£000's
3,565	2,774
2,198	1,314
1,367	1,460

Barlow & Bro. Limited
House, E.C.3

Old Broad Street, E.C.2.	
1974	1973
£000's	£000's
3,565	2,774
2,198	1,314
1,367	1,460

Barlow & Bro. Limited
House, E.C.3

BY THE FINANCIAL EDITOR

Keeping the rights issue momentum going

With 66 per cent going to the underwriters, English Property Corporation's £15m rights issue was last week given the worst drubbing of any major issue this year. But it was only a matter of scale that differentiated that issue from earlier flops by the likes of BOC International, Smiths Industries and Metal Box. Ironically, the day after EPC's failure BPB Industries unveiled a one-for-four issue, the sub-underwriting going extremely smoothly by all accounts, and the day after Sangers announced a one-for-three issue. So what, if anything, is one to make of the series of disasters.

The first point is that sub-underwriters are evidently requiring more tempting before they will participate in an issue. As I pointed out some weeks ago, the traditional discount of 15 per cent or so at which a rights issue price could be fixed had already moved out to between 20 and 25 per cent, and it would now appear to have moved out further still. How far BPB and Sangers were consciously aiming to offer a bigger discount is not clear but both issues were priced at a 28½ per cent discount on the prevailing market price, and a realistic range would now appear to be in the 25-30 per cent bracket.

Unsurprisingly, the scale of discounts currently required has already driven several rights issue candidates out of the queue so that there now appear to be sufficient gaps for the eager to be sloped in—subject to the Government Broker's approval—on the odd day in most weeks. A further factor here is that, with the market in its present state, discounts of the requisite size are once again an impossibility for many companies whose shares have been sinking too close to their par value.

But while there is an undeniable bout of congestion on the part of many of the smaller funds, it would be unwise to conclude that the flow of issues is drying up altogether. There is a surprisingly strong, if also partly political, desire among banks and brokers to see that the City goes on raising funds for industry. What that means is that there is likely to be some effort made to ensure that higher quality names still come to the market to sustain the interest of institutions which might, otherwise, lose faith altogether.

Loan stocks

Buying tactics

With the new 17½ per cent Slater, Walker stock changing hands at £26.37, and every indication that it would go for lower on a little selling, those holders of the cancelled Slater, Walker loan stocks who accepted the proposals put forward at last Wednesday's general meetings must now be wondering what sort of a deal they have got themselves.

Those holders who did not accept but found themselves bound by the 75 per cent plus voting still more; and the holders who did not even cast their votes—27.8 per cent in the case of the 9½ per cent stock 1988-93, and almost 40 per cent in the case of the 9½ per cent stock—should be silently kicking them-



Mr. Jim Slater, chairman of Slater, Walker Securities: a question of values.

selves. Like apathetic voters, they are not likely to win much sympathy by public complaint. Unlike most apathetic voters they cannot hope to reverse the mistake next time.

For when it comes to buying out loan stocks on a binding vote, there are no second thoughts for the holder and no possibility, as with equities in a bid situation, of continuing in a minority position. This is why the investment protection committees normally insist that the terms offered when a bid which shall be binding is made, should be very attractive, indeed, with the price pitched between that on a comparable gilt and par.

Purchases through the market are a different matter, with the decision to sell or not being entirely at the discretion of the individual holder and to be dictated by his individual circumstances. The mere fact that in such a case there is no need to pitch the price so high made last week's contrast between the activities of Slater, Walker and Gallagher the more glaring. The latter bought at prices related to the equivalent gilts, while Slater, Walker's prices were pitched considerably lower; but in addition Gallagher was buying for cash. The value of the stock which Slater, Walker offered must automatically be open to question; and the brouhaha over the group's attempt to ease its total and its secured borrowing limits inevitably undermined it.

It was not, of course, merely in respect of the price offered that there was a contrast between Gallagher's attempts to buy in the stocks and those of Slater, Walker. Gallagher gave plenty of notice of its intention, and the notice was heeded. Even if the company decides to raise the prices offered for its stocks next week, the holders—and it seems there are plenty of them—who have already sold can hardly complain. Slater, Walker had been buying in the market for some time before it announced any decision to go for the outstanding stock. The Stock Exchange had a prod at this situation, and was satisfied it complied with the letter of the law; but that, perhaps, is hardly the point.

Meanwhile, the borrowing limits remain as tight as ever, SWS having been unable to obtain sufficient holders of the 9½ per cent stock to vote in favour of the scheme. This is all the more reason why those who did not accept them should now hold absolutely firm, whatever the price they are offered, and unassented prices of their stocks, until they are offered a very much better deal. Sufficient holders did vote in favour to have two of the stocks cancelled—even if in one case (the 9½ per cent stock) the majority of all holders was only 51.2 per cent. Slater, Walker shareholders gain; Slater, Walker stockholders lose. That the one

should gain so heavily at the expense of the other seems a pity.

Overseas profits

The gearing potential

If one assumes that other leading nations will reflate their economies before Britain does then, on a strict cause and effect basis, industrial profits might be expected to recover faster in, say, the United States and Germany than they will in the United Kingdom.

An alternative scenario is suggested, however, by Phillips Drew in its latest *Market Review*. Broadly this is that, as United Kingdom manufacturing industry is now earning around half its total profits abroad, the gearing effect on these profits from reflation overseas could be substantial and rapid.

Almost certainly a major factor behind the sharp rise in United Kingdom exports last year was the weakness of sterling but as P & D expects sterling to weaken somewhat further there is no inconsistency in the expectation that United Kingdom exports should continue to demand. The fact that the profits of overseas subsidiaries have also strengthened greatly can likewise be attributed to the exchange rate, and this trend also can be expected to continue presumably.

P & D has analysed the profits breakdown of its Equity Book companies, excluding oil and minerals, and using latest published accounts. The 105 companies thus covered represent around 75 per cent of the total market capitalization of the FTSE 496 index. Profits from overseas sales are based on figures for the year ended 1974, but it is at least one. It is helping the cash-and-carry operators more easily to identify the bona-fide wholesale customer and prevent the casual shopper from using facilities intended for the small trader.

The most significant aspect of this is that it may help the cash-and-carry industry in backing its argument that warehouses are specialized trade outlets and should not be classed for the purposes of planning consideration with the discount warehouse and the out-of-town superstore and hypermarket.

The planning problems associated with new large-scale retail developments are well known, but the cash-and-carry operators are now concerned that local authorities and central government, in the shape of the Department of the Environment, are not aware of the distinction between retail and cash-and-carry operations.

This concern has arisen because of a paper sent out by the department to local authority planning officers. This paper, "Development Control Policy, Note 14", sets out current policy and gives guidance to local authorities and contains the categorical assertion that the cash-and-carry type of operation cannot be classified as a warehouse in the true sense of the word.

Mr David Lingham, operations director of the 70-strong Value Centre chain, feels like others in the industry that by lumping cash-and-carry operations with discount warehouses the Department of the Environment is effectively telling local authorities to refuse planning permission for improved depots on sites where cash-and-carry operations have been traditionally located.

Philips is still trying to reduce the amount of its assets tied up in stocks, and Akzo is ruthlessly jacking overcapacity in its artificial fibres sectors. But last week Akzo was stung in the clinch with the Dutch trade unions, a relatively moderate crowd compared with their British counterparts, because Akzo refused to negotiate with an international union delegation through local cuts it proposes affect its subsidiaries abroad as much as those in the Netherlands.

Philips however, despite dismal figures for the first six months released last week, has no intention of conceding its effect its pruning is even more drastic in terms of numbers. During the first half of this year it shed 14,100 jobs, and expects a further 7,200 to go before the year is out.

The fundamental difference in philosophy between these two giants is that Akzo believes in keeping the control and the major management influence, if not the boardroom majority, in Dutch hands.

It is well known that airlines on both sides of the North Atlantic now face serious economic difficulties. They have not remained immune to the impact of currency fluctuations, galloping general costs, sharp increases of fuel prices, the recessionary climate in the world economy and consequent shrinkage of traffic.

These factors—extraneous to airline management's commercial policies—are certainly more telling on the economy of the airlines than are their own business decisions.

Against this background some recent developments in governmental air transport policies in respect of the North Atlantic as well as in matters of tariffs, charters, and charges exacerbate the conditions in which air transport has to operate.

One has much sympathy with the desire of the United States government to attenuate the financial difficulties of American international airlines. But it is regrettable that remedies sought in maladroft protectionist measures which do not contribute to an environment in which efficient American or European airlines can operate profitably.

The "Fly United States Flag" programme launched by the federal government did not stop at canvassing the American public and travel agents to give preference to United States-flag international airlines: written into the United States law it requires all balance of rights agreements and bilateral air agreements and would thus undermine the legal regime underlying the operation of international air services.

Thus it affects the fair and equal opportunity of non-United States airlines to compete for United States traffic. This policy is undoubtedly designed to protect the United States flag carriers from the competition of other airlines.

Both the European and United States scheduled international airlines operate routes crisscrossing the globe. Sound economics of operating these routes demand that adequate traffic opportunities—including those

which normally allow the transport of a free and unhindered choice of his transport requirements, leaving it to the airlines to compete for the traffic.

Legislative measures or administrative pressures aimed at conserving segments of traffic for the benefit of specific carriers obviously militate against the consumers' freedom of choice, are contrary to their interests and could well have a dampening effect on the overall growth of airline traffic.

For the past three decades the United States has stood in the forefront of air transport policies rooted in the concept of "fair and equal opportunity" for airlines operating routes under inter-governmental bilateral agreements.

The "Fly United States Flag" programme is inconsistent with this concept which is enshrined in the so-called Bermuda principles incorporated in air agreements to which the United States is a party.

An American retreat from this concept and the adoption of protectionist measures is likely therefore to find emulators in other parts of the world and affect not only European airlines but have a boomerang effect on American carriers themselves.

The United States Department of Trade "action plan", calling inter alia for the reduction of foreign competition if necessary by unilateral action of the Civil Aeronautics Board, tends to upset the delicate balance of rights agreements and bilateral air agreements and would thus undermine the legal regime underlying the operation of international air services.

In a period of rising costs and diminished traffic demand this further aggravates the conditions in which airlines have to carry on their business.

The cash-and-carry argument is that they are not retail outlets, and despite the system occasionally being abused by the public, they supply only to the smaller trade customer, including the small restaurants, corner shops, canteens, pubs and clubs and hotel and guest-house owners.

It is in identifying the genuine customer that has been made easier by VAI, with a VA registration number more reliable evidence of a customer's involvement in trade than letter-heading or previous trade invoices.

However, this latest decision by the department, the operators feel, not only threatens their business but also the small trader, who can now no longer rely on receiving a delivery service from the food manufacturers.

Mr Lingham, whose company has a 10 per cent share of the £1,000m cash-and-carry business, feels that local authorities should consider the responsibility they carry for keeping a balance between the concrete shopping centre and the independent shopkeeper.

If we wish to pass on to the next generation some personal service shops, but their ability to keep local communities alive, then it must be remembered that these shops can now exist only if the cash-and-carry industry continues, he says.

His estimate is that of the 600 cash-and-carry depots operating, half are inadequate and a further 100 further a short left and would be uneconomic to replace. The remaining 200, therefore, are likely to be the subject of future planning applications for enlargement or replacement.

The industry's view of its importance to the smaller trader is one which is substantiated by the growing list of food manufacturers who have stopped delivering small quantities and will supply only the larger store or warehouse.

Brooks Bond is among the Philips delegates, keeping its international activities virtually autonomous per country with only minor policy central in the Netherlands.

A break-in at the home of Germain Baudrin, the former general manager of the Belgium state-run Post Office who was jailed on corruption charges, has raised speculation that there may still be further ramifications to what has been called Belgium's mini-Watergate.

The intruder, who broke into the empty villa in Brussels last week, ignored cash and other valuables to search through a number of personal documents belonging to Baudrin, including bank and savings accounts books.

Baudrin, who has been released from custody pending an appeal against conviction, was found guilty in June of taking bribes and other charges. He was jailed for four years and ordered to pay £400,000 worth of his personal wealth to charity.

Review of air transport policies needed

The continued escalation of airport, en-route navigation and associated charges erode the efforts of the airlines to keep their costs down and inhibit their attempts to stabilise their economics.

It is regrettable that a "compartmental philosophy" still persists in most European countries and in Europe as a whole, where the economics of different segments of air transport and activities connected with it are viewed by governments as it were through glass partitions, rather than being based on overall national, and in the longer run, European transportation policies.

It is of course reasonable for the bodies providing such services to air transport to strive to achieve a balance between their costs and services, but two nagging questions remain: do their systems of charges reflect public interest and are these facilities run in the most cost-effective manner?

It is difficult to evaluate the question of economic house-keeping, for example Euro-control, since no precise data are generally available. However, as an indication of the state of affairs in charges, by 1980 an estimated \$300m (about £143m) may have to be paid to Eurocontrol by the European scheduled airlines, apart from other en-route charges.

Whatever the quality of husbandry, a prerequisite for a fair distribution of charges is surely the proper recognition of the public service performance by airlines and the importance of their contribution to national economics.

Against this backdrop it is evident that solutions to these problems are not in the airlines' court. It is for governments to consider the role of non-scheduled carriers and develop harmonized rules for their operations, if possible, through a multilateral agreement; to harmonize policies regarding charges levied on

airlines for the use of and of the services of E

And bearing in mind that part travel agencies operators and other now have in the air market, to establish anationally-agreed regime activities and responsi

An extensive examining air transport policies in process in the United States is ripe for reference of European responsible for air jointly to review the range of air transport and set up guidelines action by their adminis

The European gave have the machinery to ing a follow-up action taken on the level, through the E Civil Aviation Conference which the civil administrations of most states are represent

It may also be the European responsible transport, in a joint effort to set up a re fair competitive practice conditions, enable riers to participate international air transp ket on an economic a discriminating basis.

Above all, airlines climate of stable, equa ermental policies on al and international i the unstable m environment in whi transport operates un certainties governes ties—whether related licensing, tariffs, inte agreements or charges of the most serious p the healthy progress o dustry.

Dr Gore recently re secretary-general of ti ciation of European. The views expres personal.

Planning worries for cash and carry

largest companies to withdraw its delivery service to the small traders and as a result the cash-and-carry warehouses can point to significant improvements in their sales of tea.

It is not only the food and the soap and laundry manufacturers who are cutting down on deliveries to the small trader. The cash-and-carry operators are preparing for a boom in the non-food side of their businesses, and any increase in their business strengthens their argument that they are a service industry to the smaller trader and consequently the consumer.

A major move into the non-food sector could well be a lifeline for the cash-and-carry industry, which is regarding 1975 euphemistically as year of "consolidation". Turnover

may go up to £1,200m, but the majority of those in the industry feel that unless the remaining months of 1975 show a dramatic improvement it will be static at the £1,000m mark.

The main clients of the cash-and-carry trade are the type of trader who more quickly reflects the public buying habits in these areas in addition to being the type of trader who was first to find out that carrying high stock levels is costly and impracticable.

In addition, the competition within the cash-and-carry industry has had a significant effect, particularly as 90 per cent of the cash-and-carry outlets are controlled by the 10 large groups which include Spar's, Sainsbury's, Marks & Spencer, and the Keen Cost chain; VG's Trademarks;

valuation of our properties made in 1972 not excessive at the present time.

INTERNATIONAL TIMBER: Gradual recovery in progress

Extracts from the Annual Statement by the Chairman, Mr. Robert L.

Results

The year was fraught with economic problems. We experienced particularly difficult conditions during the second half of the year, and even more so in the last quarter, associated with a disastrous fall in the house building programme, a reduction in grants for housing improvements, high stocks and high interest rates, and a general decline in the level of activities in most of the trades which we serve. Other major contributory factors in the downturn were the necessity for further stock adjustments and the effect of cost inflation. Furthermore, the promise of excellent profits from our Continental acquisitions faded in the latter part of the financial year when business conditions in Holland, and to a lesser extent in Belgium, became even more stringent than in the U.K. Looking on the bright side, our stocks are still falling and commitments are lower both in volume and monetary terms than in the last few years. Bank overdrafts should fall substantially as a result of cash received for stock sales and an increase in purchase creditors. Most of the companies within the Group that traded at a loss during the last quarter of the year are now earning profits.

Balance Sheet

This reflects the great strength of the Group. Net Assets amount to approximately £50 million, including Net Current Assets of about £20 million. Current Liabilities are less than last year by nearly £3 million. Loan Stock and medium term loans amount to less than £10 million. We have been helped by the Government's deferred tax concessions and it is to be hoped that, having regard to the inflationary conditions, these will continue indefinitely. We expect our trading bank overdrafts to fall by approximately \$4 million at 31st March 1976. Confirmation has been received from our valuers that the

Financial Highlights for the 52 weeks ended 29th March 1975

Sales outside the Group	\$109,014,000
Trading Profit	\$1,796,000
Profit before Taxation	\$1,848,000
Taxation	\$848,000
Earnings per share fully diluted	6.8

This year saw the centenary of the foundation of the business by Jacob Gillman in 1875 when he commenced to trade in London as a cabinet maker. The anniversary was marked by an Architectural Award Scheme for which prizes were presented for the design of a sports centre for use by clubs and local authorities throughout the country.

Copies of the Annual Report for the 52 weeks ended 29th March 1975, containing the Chairman's Statement in full, are obtainable from the Secretary, International Timber Corporation Limited, Corporation Road, London E15 8DT.

Business Diary in Europe: In the red • Belgium's Watergate

Swinging up on the recession and the mysteries of the West's monetary system this week, will be the presidents of the Soviet Central Bank and the Foreign Trade Bank in Moscow.

Comrades Methodii Sveshnikov and Yuri Ivanov will be spending most of the week in Frankfurt as guests of West German Federal President Karl Karsten. The visit repays a six-day ice-breaking expedition to Moscow by Dr Karsten in October, 1973, which established top level personal contact between the West German and Russian central banks.

Quite what the two men from Moscow will be discussing, and exactly with whom they will be talking remains something of a mystery. The press office of the federal bank was unable to disclose their schedule "for security reasons".

The Soviet Embassy in Bonn diverted queries to the Russian West Handelsbank in Frankfurt, where a director referred the questioner back to the federal bank. Even Soviet journalists in Bonn seemed unaware of the impending visit.

However, given the growing importance of the Comecon countries as a market for German goods at a time when overall exports from West Germany are falling, it could be put in a claim for subsidized export rates on German export credits.

Calculating

The prices of pocket electronic calculators have so far defied

inflation, recession and higher costs, and nowhere has their rate of decline been more spectacular than in Switzerland. Some models have come down by half in a mere six months.

So far, the lowest price advertised price has been £5.21, low enough to start teachers worrying about the prospect of children rapidly joining the capacity to do any except the very simplest arithmetic by themselves—and cheaper "electronic notebooks" are also coming on the market. The Japanese are by no means getting it all their own way in the Swiss costing market. One of the latest items to appear, with a memory at £7.65, is made in Bulgaria.

It is being sold by a leading chain of food and consumer goods stores.

Machens affair

Where, one might ask, is the connexion between finding a new job for a West German professor and the provision of the OECD as a special adviser on raw material questions. Since then rumours have arisen—denied by government sources in Bonn—that Machens's appointment involved a good deal of horse trading, including



Dr. Klausen: the ice breaker

cal research and raw materials in Hanover. The appointment, however, provoked resistance from employees of the authority and after about two weeks Machens left. He was then attached to the Bonn economics ministry without a specific job, but continued to be paid in full. According to Opposition estimates, Machens cost the taxpayers some DM200,000 in salary payments over the next three years while attempts to find him a position of similar status failed.

Then at the end of May the Cabinet in Bonn announced that Machens was to be attached to the OECD as a special adviser on raw material questions. Since then rumours have arisen—denied by government sources in Bonn—that Machens's appointment involved a good deal of horse trading, including

the West Germans dropping the idea of plans to provide Mr van Lennep with improved accommodation in Paris.

Double take

Two of Holland's leading internationalists, Philips and Akzo, are engaged in a gigantic pruning operation to try to get things cut back to a level from which they can expect future growth to be healthy.

Philips is still trying to reduce the amount of its assets tied up in stocks, and Akzo is ruthlessly jacking overcapacity in its artificial fibres sectors.

But last week Akzo was stung in the clinch with the Dutch trade unions, a relatively moderate crowd compared with their British counterparts, because Akzo refused to negotiate with an international union delegation through local cuts it proposes affect its subsidiaries abroad as much as those in the Netherlands.

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Bad break

A break-in at the home of Germain Baudrin, the former general manager of the Belgium state-run Post Office who was jailed on corruption charges, has raised speculation that there may still be further ramifications to what has been called Belgium's mini-Watergate.

The intruder, who broke into the empty villa in Brussels last week, ignored cash and other valuables to search through a number of personal documents belonging to Baudrin, including bank and savings accounts books.

Baudrin, who has been released from custody pending an appeal against conviction, was found guilty in June of taking bribes and other charges. He was jailed for four years and ordered to pay £400,000 worth of his personal wealth to charity.

A few weeks later, Frank Pervous, managing director of Bell Telephone of Antwerp, was fined nearly £200 and given a six months' suspended prison sentence for corruption. It was alleged he sent gifts to Baudrin in return for important Post Office contracts.

Police are investigating the burglary at Baudrin's home now wonder whether the intruder was operating on behalf of somebody else.



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FINANCIAL NEWS AND MARKET REPORTS

Looking for recovery in De Beers profit margins

A saving which always crops up ahead of any profit statement from the world's largest diamond group is: "De Beers always disappoints the market."

But the interim results due tomorrow night will have to be based on the year's performance. The lowest estimate I have been able to find being pre-tax profits of £120m and (about £68m).

This compares with last year's 200m and the 113m and in the extremely depressed closing half of 1974. As has been mentioned here before, the sales in the first half of 1975 by the Central Selling Organisation were satisfactory, showing an increase from the preceding six months' figure of 314m to 355m.

If one looks at the margin obtained on the CSO sales as shown by the diamond account, effectively the trading profits,

then since the first half of 1971, this has fluctuated between the low of 21.8 per cent and a peak of 36.2 per cent in the second half of 1973.

In 1974, the margins were 32.1 and a depressed 23.1 per cent in the second half. Recovery could be seen tomorrow to at least a comparable figure to that of 1974. This would mean that the externalization of money due to Zambia Copper Investments does appear a harsh decision.

Under Zambian exchange control regulations, dividends declared can be remitted overseas only after the end of the financial year of the paying company.

Nchanga Consolidated Copper Mines, although passing dividends for the final two quarters for its year to end March, had declared dividends for the first two quarters worth \$10.3m to

Mining

In consequence that country's economy, is having a difficult time due to the still historically depressed copper price, the refusal by the authorities to allow meanwhile the externalization of money due to Zambia Copper Investments does appear a harsh decision.

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ZCI equivalent to 8.40c a ZCI share. Now, the authorities have been unable to grant approval or even to give any indication as to when the money can be remitted.

Inevitably, shareholders suffer. ZCI has passed its final dividend, leaving its total receipts for the year at only 4c compared with 40c in 1973-74. Over the past year or so it has been the Paris market which has maintained the ZCI share price buying as it does, extremely attractive yield.

This no longer applies. At 54p, the cum-premium holder should now sell.

Annual meeting

It scarcely seems worthwhile attending the annual meetings of the mining finance houses if the trend set by Charter Consolidated and Selection Trust is any guide. While the chair-

men expound at some length that the companies are in a period of transition (a euphemism for "what is going to hit us next") shareholder reactions are indecipherable.

As brokers analysts grind their teeth in frustration at time passes and no questions are asked of Mr Sidney Spiro about Charter's Tankengungu copper project in Zaire or further details on Cleveland Potash, it is true to say there is a feeling of frustration on the other side of the table as well.

There are signs that the Japanese economy is improving. Its wool textile industry has succeeded in running down its totally excessive stocks, to more manageable levels, helped by a government-approved cartel arrangement to cut back production at the beginning of this year.

A further spur to buying could come from the suspicion—generally discounted—that Australia might follow New Zealand's recent example, and devalue its currency. The New Zealanders decided last week that they would increase their "intervention price" for wool to strengthen the farmers rather than the customers the benefit of the devaluation.

However, this is not a market where prices will soar dramatically. The reality of the situation is that there are huge stocks overhanging the market, accumulated by the Australian Wool Corporation and the marketing authorities in New Zealand and South Africa last season in their efforts to maintain their agreed "floor prices". These total about two million bales, too high a figure to be eliminated in one season, no matter how buoyant the demand.

What is likely to happen is that the authorities will let the auction prices drift upwards a little, before starting to release their stocks. This will have the dual advantage of allowing them to make a profit on their hold-

ings, and also of ensuring that prices do not go too high. As wool is in permanent competition with man-made fibres it is recognized that there is merit in a degree of price stability.

The policy seemed to be working towards the end of last season. The AWC had for some months been buying something

like half of all the wool offered at auction to maintain its floor price of 250 cents a kilo (clean).

Then as the market began to strengthen in May and June its purchases tapered off while prices climbed steadily to about 275 cents.

Various reasons were given for this. Certainly the Japanese were buying more actively, and it is probable that customers were turning to Australia (and also New Zealand and South Africa) with renewed interest at the end of the season, having exhausted cheaper supplies available in South America.

Whatever the case the rally was not sustained, and prices finished the season back at around 250 cents. The immediate reason for the relapse was the extraordinary dithering of the Australian government, which announced to an astonished trade that the floor price would actually be lowered for the coming season, implying that Australia could not afford to maintain the price at 250 cents a kilo. It quickly changed its mind, but the damage was done.

Russia kept waiting

On this page last Monday I explored the background to the important official United States forecasts, due that day. In the event, although the United States Department of Agriculture has had to reduce its estimates of the likely harvest this season because of widespread drought, it is still expecting a 19 per cent increase over last year, and make up by about a quarter. These estimates were more or less in line with the majority view in the markets, and the immediate reaction was muted.

Prices began to strengthen again towards the end of last week, when it was announced that Russia had secured another 800,000 tons of grain from Canada. The United States government is treading a delicate political path at present: it expects and wants to be able to sell more to Russia, but is maintaining a temporary em-

barge on further sale can be sure about it of the harvest.

Playing for time helps to silence the lobby at home, while sales mean for the prices. Mr Richard tant Secretary of also made it clear that it was hoped that the uncertainty of the smaller quantities of period, rather than a big "raid" on the such as we have a past few weeks.

Sugar prices fir

The Soviet Union's chases have stimulated interest in the U futures markets.

As a result not the Chicago Board of T might have been it is the hub of national grain trading the future trading the United States.

There are also very prices have been fi prices until these the drought affecting the crop, and because it its production effort has also been rene in coffee futures be frost damage in month, and specu- portedly showing u in metal. The c however, is the c present. Turnover futures is low and, sources suggest, com- menting on the development to change mental position, of supply exceed.

Keeping in mind are also substantial both wool and r- a surplus has been rubber, only re- action of the Malay ment in cutting pr it would seem th commodities boom little way off. I ever, do not rule soilder effect if activity remains i United States this

Freight report

Tanker freight rates look set for another minor recovery after three weeks of uncertainty, as the major oil companies put up some last-minute hedge against possible oil price increases next month.

In the longer term it is also becoming evident that the slump in the tanker trade over the past two years is past its worst. Corrective measures which have brought about slow- steaming, laying up, scrappings and new building cancellations have restored a better balance between supply and demand.

Single voyage spot rates at the end of the week stood at Worldscale 27 (\$3.97 a ton) for oil tankers from the Persian Gulf to Europe, a good two points more than charterers had expected.

The surprise of the week came from Mr Hilmar Reiksten. He has had four times idle in the Persian Gulf since Christmas.

Last Friday he chartered two of them, one each to Exxon and Chevron at Worldscale 27. Brokers were puzzled as last month Mr Reiksten could have got more than Worldscale 30 (\$4.40 a ton) for these vessels.

There is speculation that the ships were being brought back to Europe and dry docking—possibly even for sale.

Craig Howard

Euromarkets

The August ban on new Deutsche mark Eurobonds and private placements is unlikely to be relaxed in September, according to A.P. Dow Jones in Frankfurt.

Banks comprising the central capital market committee will meet on August 20 in Wiesbaden to review market conditions and map their strategy for next month. But on the basis of current conditions, banking sources said, no major resumption of activity should be expected.

They argued that the domestic capital market, which competes with the Eurobonds, has recovered only partially from the extreme weakness displayed in July. It was this that led the capital market committee to decree the August ban—not only on Eurobonds but also on domestic bond issues.

The home market is not considered ready for a renewed challenge. Secondly, said one well-placed dealer, the pause in the previously stormy pace of new Eurobonds has benefited the international Deutsche mark sector. Underwriting banks have been able to sell large amounts of new issues with which they

had been left in July and inventories of seasoned paper have been worked down to more "sensible levels", he said.

The decision whether to re-open the primary Eurobonds market will depend partly on the Dollar-Deutsche mark rate.

The second major factor to be weighed by the committee, is the relative yields with which underwriters would have to equip international and domestic bonds. Too great a differential would hurt the local market, heavily burdened by a public sector budget deficit estimated at DM65,000m (about £13,000m) or more—up from DM34,300m last year.

South African Iron and Steel Industrial Corporation (Iscor) plans to raise \$25m through the issue of five-year government-guaranteed bonds bearing a 10 per cent coupon, and priced according to lead manager Kreditbank Luxembourg, "probably below par".

On the Eurocurrency market, the Brazilian embassy said the federal railroad is borrowing \$150m through a 57-bank consortium led by the London branch of Banco do Brasil, possibly for five years, with a two-year grace period.

In the Eurodollar secondary bond market, prices were steady to a shade firmer this week. One dealer said the secondary market performance of New Zealand's two-tranche, \$100m issue was "very encouraging".

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Eurobond prices (yields and premiums)

Issue	Price	Yield	Premium
10% 1980	100.1	4.71	7.50
10% 1981	100.1	4.71	7.50
10% 1982	100.1	4.71	7.50
10% 1983	100.1	4.71	7.50
10% 1984	100.1	4.71	7.50
10% 1985	100.1	4.71	7.50
10% 1986	100.1	4.71	7.50
10% 1987	100.1	4.71	7.50
10% 1988	100.1	4.71	7.50
10% 1989	100.1	4.71	7.50
10% 1990	100.1	4.71	7.50
10% 1991	100.1	4.71	7.50
10% 1992	100.1	4.71	7.50
10% 1993	100.1	4.71	7.50
10% 1994	100.1	4.71	7.50
10% 1995	100.1	4.71	7.50
10% 1996	100.1	4.71	7.50
10% 1997	100.1	4.71	7.50
10% 1998	100.1	4.71	7.50
10% 1999	100.1	4.71	7.50
10% 2000	100.1	4.71	7.50
10% 2001	100.1	4.71	7.50
10% 2002	100.1	4.71	7.50
10% 2003	100.1	4.71	7.50
10% 2004	100.1	4.71	7.50
10% 2005	100.1	4.71	7.50
10% 2006	100.1	4.71	7.50
10% 2007	100.1	4.71	7.50
10% 2008	100.1	4.71	7.50
10% 2009	100.1	4.71	7.50
10% 2010	100.1	4.71	7.50
10% 2011	100.1	4.71	7.50
10% 2012	100.1	4.71	7.50
10% 2013	100.1	4.71	7.50
10% 2014	100.1	4.71	7.50
10% 2015	100.1	4.71	7.50
10% 2016	100.1	4.71	7.50
10% 2017	100.1	4.71	7.50
10% 2018	100.1	4.71	7.50
10% 2019	100.1	4.71	7.50
10% 2020	100.1	4.71	7.50
10% 2021	100.1	4.71	7.50
10% 2022	100.1	4.71	7.50
10% 2023	100.1	4.71	7.50
10% 2024	100.1	4.71	7.50
10% 2025	100.1	4.71	7.50
10% 2026	100.1	4.71	7.50
10% 2027	100.1	4.71	7.50
10% 2028	100.1	4.71	7.50
10% 2029	100.1	4.71	7.50
10% 2030	100.1	4.71	7.50

Unit Trust Prices—change on the week

Unit Trust	Current Price	Change on Week
10% 1980	100.1	4.71
10% 1981	100.1	4.71
10% 1982	100.1	4.71
10% 1983	100.1	4.71
10% 1984	100.1	4.71
10% 1985	100.1	4.71
10% 1986	100.1	4.71
10% 1987	100.1	4.71
10% 1988	100.1	4.71
10% 1989	100.1	4.71
10% 1990	100.1	4.71
10% 1991	100.1	4.71
10% 1992	100.1	4.71
10% 1993	100.1	4.71
10% 1994	100.1	4.71
10% 1995	100.1	4.71
10% 1996	100.1	4.71
10% 1997	100.1	4.71
10% 1998	100.1	4.71
10% 1999	100.1	4.71
10% 2000	100.1	4.71
10% 2001	100.1	4.71
10% 2002	100.1	4.71
10% 2003	100.1	4.71
10% 2004	100.1	4.71
10% 2005	100.1	4.71
10% 2006	100.1	4.71
10% 2007	100.1	4.71
10% 2008	100.1	4.71
10% 2009	100.1	4.71
10% 2010	100.1	4.71
10% 2011	100.1	4.71
10% 2012	100.1	4.71
10% 2013	100.1	4.71
10% 2014	100.1	4.71
10% 2015	100.1	4.71
10% 2016	100.1	4.71
10% 2017	100.1	4.71
10% 2018	100.1	4.71
10% 2019	100.1	4.71
10% 2020	100.1	4.71
10% 2021	100.1	4.71
10% 2022	100.1	4.71
10% 2023	100.1	4.71
10% 2024	100.1	4.71
10% 2025	100.1	4.71
10% 2026	100.1	4.71
10% 2027	100.1	4.71
10% 2028	100.1	4.71
10% 2029	100.1	4.71
10% 2030	100.1	4.71

Bank Base Rates

Barclays Bank

(Current market price multiplied by the number of shares in issue for the stock quoted)

Flat interest yield.

